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ECONOMIC AND INDUSTRIAL AFFAIRS

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16 April 1984

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CEMA ADOPTS UNIFIED METROLOGICAL BASE

Sofia SOFIA NEWS in English 21 Mar 84 p 4

[Article by Zhivko Petrov]

[Text]

The various forms of cooperation involved in the socialist economic integration influence positively the quality of output of the different branches of the Bulgarian economy. Control and measurement equipment are among the paramount factors.

In 1972 the CMEA member countries established a research and production corporation called Interetalonpribor in which 9 countries take part. The Bulgarian side is represented by the Committee on Standardisation.

Interetalonpribor carries out scientific projects in the field of metrology, designs etalons, devices for highly accurate measurements, standard models of the composition and properties of materials, cooperates in equipping the national metrological services with advanced measuring devices. All that is extremely necessary in order to exercise control over various items of production but entails large capital investments. That is why today is it not possible for a single country to provide a complete and perfect

metrological base solely on its own. For this reason Interetalonpribor has set itself the task to organise cooperation among states in setting up a unified material and technical base for the provision of the necessary metrological equipment.

The International corporation includes 25 organisations and combined works: Carl Zeiss (GDR), Mera (Poland), Tesla (Czechoslovakia), Etalon (USSR), Hidravlika (Bulgaria) and others. Sixty-four other organisations from the CMEA countries cooperate with them. Interetalonpribor has developed a production list of 400 types of devices and over 1,000 types of standard models which the CMEA members produce and use. Five mobile measuring laboratories are provided by the corporation for the purposes of agriculture and the food industries of the socialist countries. The GDR and the USSR have developed special dosimeters and radiometric measuring devices for atomic power generation.

The annual effect of these devices now stands at about 500,000 rubles. The same kind of metrological equipment is now being developed to measure the basic indicators of energy and raw materials. This makes it possible to economise within the span of one five-year-plan period 1 million tons of oil and 225 million cubic metres of natural gas and large quantities of other raw materials. Together with the GDR, USSR, Czechoslovakia and Hungary, Bulgaria takes part in the development of devices for obtaining and attesting gaseous mixtures and in the production of mobile equipment for gas analysis.

CSO: 2020/80

SOMAT MOVES ITS TRAILERS ON RO-RO SHIPS

Sofia SOFIA NEWS in English 21 Mar 84 p 4

[Article by Hristo Zhielyazkov]

[Text] "In the near future we intend to start express deliveries from Spain and France to Tehran and Baghdad," a spokesman for the Bulgarian firm for international auto transport SoMAT said in connection with the opening of the first regular Ro-Ro sea line from Spain and France to the Middle East countries.

From March 1 to 13 the ship Tsarevets belonging to SoMAT made its first voyage from the Bulgarian port of Bourgas on the Black Sea, the Mediterranean ports of Barcelona in Spain and Marseille in France.

The addition to the express deliveries, the new Ro-Ro line will introduce a number of new developments in commodity transports between Spain and France, on the one hand, and Iran, Iraq, Syria, Jordan, Kuwait, Lebanon on the other. It will mainly carry those industrial goods and foods which need speedy delivery.

Until now the deliveries of such goods were done only over the circuitous continental routes of Europe and Asia. The combination of land and sea routes will no doubt facilitate transportation. How will this be done?

As is known, the Ro-Ro ships are in fact mobile multi-storey parking lots, where cars and lorries will go in and out, fully loaded. It is these details which make it possible to keep the basic advantages of autotransport--door-to-door deliveries. These are supplemented by others such as shortening of routes with all the positive aspects this involves.

And so the Tsarevets will in future regularly sail from Barcelona every other Wednesday and from Marseille every other Thursday.

The trailers arriving at Bourgas will continue their journey on land once again via Turkey to Iran and Iraq. The Bourgas harbour is only 80 km away from the Turkish border along a first-rate road.

The new Ro-Ro line thus eliminates traffic across Europe and all the customs and border-checkpoint formalities that this entails. It also eliminates all the restrictions resulting from heavy traffic along the European highways.

Given these favourable prerequisites, SoMAT expect to be able to meet the needs for direct and complex transport services to the Spanish and French exporters and importers to and from the countries in the Middle East. The direct Ro-Ro line which speeds up and facilitates haulage will contribute to the expansion and diversification of trade. The same conclusions can be drawn concerning the traditional trade relations which Bulgarian maintains with Spain and France.

As an exporter of goods mainly for Iran and Iraq, Spain has particularly great, not fully tapped resources in this respect. The line provides an opportunity for Spanish exporters to sell more effectively on the markets of the Middle East in general.

With its 6,100 ton capacity and parking area for 150 trailers the Tsarevets will be able, at least for the time being, to meet the needs for combined direct deliveries. By using the wide network which SoMAT has together with the enterprises cooperating with it, the firm is able to rationalise deliveries.

Instead of saddle tractors, it will carry by sea only the trailers. On land the trailers will be taken over by tractors of SoMAT and the transport enterprises cooperating with it in the respective countries. So by saving on tractor transportation, the weight of the useful cargo will increase.

The collection of cargo in Spain and France is done entirely by local firms.

The first Ro-Ro line between the Western and Eastern Mediterranean and the Black Sea basin can facilitate international tourism also by transporting tourists in their cars between the resorts of Spain, France, and Bulgaria.

CSO: 2020/80

HOUSEHOLD ELECTRONICS MARKET DIVERSIFIED

Sofia SOFIA TIMES in English 21 Mar 84 p 4

[Article by Vesselin Markov]

[Text]

A protocol for expanding cooperation between Bulgaria and Belgium in a number of fields, the production of colour TV sets included, was signed in Sofia recently.

Such agreements are one of the shorter and cheaper ways to improve the quality of our household electric and electronic appliances. Thanks to the international division of labour, economic socialist integration and industrial cooperation with Western firms, a number of objectives are thus achieved: the range of electronic products available on the domestic market is extended, specialisation is introduced in production.

The Bulgarian engineering

company Telecom has signed a contract with the Polish firm "Unitra" for the joint manufacture of radio-cassette players of the "Virage" type for cars. This article is being introduced for the first time in the CMEA system. Our participation in the joint venture will be to supply printed circuits - a very sophisticated part. The other parts and units are to be supplied by Poland. The complete assembly of the article will be done by the Resprom plant in Veliko Turnovo.

Quite analogous is the integration of Telecom with the Hungarian firm "Videoton". It provides for specialisation in the manufacture of units and in the assembly of portable stereo

radio-cassette recorders. Industrial cooperation between the Varna "Elprom" plant and the Yugoslav "Elektronska Industrija" Corporation will lead to the joint manufacture of automatic washing machines, which find a ready market in Bulgaria.

There will be a considerable improvement in the supply of the market with colour TV sets. Industrial and business contacts have been established between Telecom and the West German firm Nordmende. The purpose being pursued is to enrich the range of TV sets available on the Bulgarian market through the addition of such with 42, 51 and 56 cm screens. In this way the Bulgarian market will be supplied with TV sets of all types

and sizes.

Similar cooperation in the production of colour TV sets is being established also with the MBI Belgian firm, a branch of Philips.

Contacts have also been made in the production of electric oil regulators, which are very economical. Partners of the "Household Appliances" Combine are the Austrian "Vogel and Noot" firm.

The benefits to be derived from this cooperation are quite diverse and many. We are improving the supply of our domestic market with modern household appliances and making full use of the working capacity of our plants without introducing the manufacture of new parts and units.

CSO: 2020/80

SURVEY OF UNIFIED AGRICULTURAL COOPERATIVES, STATE FARMS IN 1983

Prague ZEMEDELSKE NOVINY in Czech 26 Jan 84 p 2

[Article by Eng Bozena Straska, State Bank of Czechoslovakia, Prague:
"Preliminary Results Are Favorable"]

[Text] The results of managing agricultural organizations in 1983 are favorable overall, the main indicators of the financial production plans have been met, and the intensity and overall efficiency of agricultural production is increasing. With an improved system of planned agricultural management, the operations of the agricultural organizations have been revitalized, particularly in those sectors which are decisive for increasing our nation's self-sufficiency in the production of foodstuffs.

According to preliminary results, the economic plan for last year for gross agricultural production of the unified agricultural cooperatives and state farms in the CSSR was exceeded by 1.1 percent, with the unified agricultural cooperatives overfulfilling the plan by 1.0 percent and the state farms by 1.7 percent. In comparison with 1982 results, the intensity of agricultural production is increasing. Gross agricultural production per hectare of agricultural land in 1983 amounts nationwide to Kcs 15,943 in unified agricultural cooperatives, or 4.2 percent more than in 1982, and in state farms it increased to Kcs 12,814, or by 5.6 percent. The intensification of agricultural production is accomplished mainly by the development and exploitation of the organizations' own fodder supply.

Livestock Production Grew More Rapidly

The production structure, however, deviates from the plan goals, and we have not managed to ensure the increase of crop production relative to livestock. While the annual plan called for a faster growth of crop production in the unified agricultural cooperatives and state farms by 4 percent over actual 1982 production and for a slower growth of livestock production by 2.3 percent, the expected year to year increase amounts to only 1.9 percent in crops and 6.3 percent in livestock. In crops, there is a decreased production of root crops, especially sugar beets, while the increase in livestock production is largely in milk deliveries.

The results of crop production determine our capabilities of developing livestock production this year. The low production of bulk feeds creates an imbalance in feeds and demands tight economizing in their consumption. Despite an overall good grain harvest it will be necessary to keep livestock production within the planned proportions and to maintain the appropriate management of grain feeds.

Farms With Unusual Profits

In the financial area we expect a further improvement in the income situation of the unified agricultural cooperatives and a strengthening of the khozraschet system of state farms, but there is less progress in eliminating the differences in economic results between individual organizations.

It appears that the unified agricultural cooperatives made a profit of Kcs 7.7 billion, that is, 11.7 percent above the level of the economic plan, and the state farms made Kcs 1.6 billion, which is 50.7 percent above the plan. In the unified agricultural cooperatives the planned output, including irregular proceeds, was exceeded by 3.5 percent and overall expenses by 2.7 percent. The state farms exceeded the plan for output by 4.8 percent and the plan for overall expenses by 2.6 percent. In both sectors the improved economic results were achieved by exceeding the plan for output more than that for expenditures, with higher earnings especially from livestock production.

The return on investments reached 9.71 percent in the unified agricultural cooperatives and 7.12 percent in the state farms. While this is a very slight drop of 0.06 points for the unified agricultural cooperatives in comparison with 1982, there was a significant increase of 1.73 points, or 32.1 percent, for the state farms. In the unified agricultural cooperatives the amount of profit compared to 1982 increased by Kcs 0.3 billion, or 3.5 percent, but expenditures grew more rapidly by a total of 4.1 percent. In the state farms expenses as a whole grew more slowly (by 1.8 percent) and the amount of profit went up by Kcs 0.4 billion, or 34.3 percent.

The degree of profitability in both sectors is gradually evening out but the state farms are still largely dependent on state allocations for economic results. The absolute volume of allocations and operational subsidies is decreasing in accordance with the plan and their share in the resources created for distribution fell by 9.5 percent in the unified agricultural cooperatives and by 33.1 percent in the state farms.

More Distributable Resources

As a whole, the resources of the unified agricultural cooperatives amount to Kcs 8.7 billion and those of the state farms amount to Kcs 2.4 billion, so the decrease the plan has called for has not materialized. The unified agricultural cooperatives planned a drop in resources of 10.1 percent as compared with 1982 but the prospect is for a very slight increase. In the state farms the resources were to drop by 10.5 percent but the prospect is for an increase of 14.7 percent as compared to 1982.

In the state farms the degree of profitability is indeed lower than in the unified agricultural cooperatives, but if we take into consideration that the state farms have relatively higher grants to supplement profits and lower taxes than the unified agricultural cooperatives, then the possibilities in the advance information for 1983 are better for expanded replacement costs in the state farms than in the unified agricultural cooperatives. The profitability of usable resources (resources as a whole minus taxes and expenditures as a whole) in the unified agricultural cooperatives dropped from 8.44 percent in 1982 to 8.27 percent in the prospect for 1983, and in the state farms it increased from 7.97 percent to 9.13 percent. This means that the state farms create Kcs 0.86 more usable resources per Kcs 100 overall expenditures than do the unified agricultural cooperatives.

Some agricultural organizations expect that the resources created will not be enough for their distribution needs and that they will report excess distribution of economic gains. Overall these are small amounts and they will probably be covered for the most part from compensation for uninsured damage.

In both sectors there is drawing of wage funds above planned levels and a rapid growth in average earnings from year to year. The average monthly earnings of a worker in a unified agricultural cooperative are expected to increase to Kcs 2,433 in 1983 (net compensation), which is 4.1 percent higher than in 1982. In the state farms the average earnings are increasing to Kcs 2,767 per month, or 4.0 percent higher. In connection with the expectation that indicators decisive for directing the wage resources and compensation for work in the unified agricultural cooperatives will be exceeded, there is not expected to be any substantial excess of usable resources for compensation.

A More Favorable Development of Credits

In the area of working capital there are not expected to be any substantial deviations from the plan. The overall inventory status as of 31 December 1983 in the unified agricultural cooperatives is expected to be Kcs 60.4 billion, and 17.5 billion in the state farms. In comparison with the status of 31 December 1982, it is increasing more slowly than the volume of production; by 2.9 percent in the unified agricultural cooperatives and by 1.5 percent in the state farms. The increases have been mainly in the livestock inventory and in the unified agricultural cooperatives, also in materials and products.

The improved financial results in the management of the agricultural organizations after adjusting the economic tools along with the relatively good results in production make it possible to emphasize strongly the use of the organization's own resources to provide working capital. Therefore, there has been a halt in the hitherto rapid growth of operational credits in the unified agricultural cooperatives, and the operational credit indebtedness of the state farms is being reduced. In the unified

agricultural cooperatives the operational credits are increasing more slowly than had been planned. As of 31 December 1983 their status is roughly at the 1982 level, while in the state farms they are 4.9 percent lower.

The proportion of current account credits in the financial inventory is still lower in the unified agricultural cooperatives than in the state farms, but in comparison with 1982 it has increased slightly in the unified agricultural cooperatives to 21.4 percent, and has dropped to 29.0 percent in the state farms.

In connection with the creation of funds in excess of those planned, the state bank will require the unified agricultural cooperatives to allocate working capital to cover the growth in inventory so as to supplement the organizations' reserve funds, which in past years have been used to cover excess distribution of economic results. Allocations to the construction funds will be set up to avoid any accumulation of uncommitted funds. Grants to supplement remuneration will be considered with an eye to ensuring the desired development of average earnings, especially in achieving relative savings in disposable wages from the compensation fund.

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CSO: 2400/220

MARTINKA VIEWS ECONOMIC PLAN FOR 1984

Bratislava PRAVDA in Slovak 8 Feb 84 p 4

[Article by Karol Martinka, deputy premier of SSR Government, chairman of Slovak Planning Commission: "Contemplating This Year's Economic Plan--Entire Year's Results Decided From the First Days of the Year"]

[Text] The Ninth Plenum of the CPCZ Central Committee and the subsequent plenum of the CPSL Central Committee determined the directions, priorities, approaches, limits and, thus, the overall strategy for development of the national economy in 1984 so as to provide for the implementation of the CPCZ economic and social policy approved for the entire Seventh 5-Year Plan. The federal government as well as both national governments detailed these tasks and assigned specific responsibility for their implementation. All workplaces should be familiar by now with the tasks and conditions that accrue to them from the overall approved economic program.

Economic plans are to be detailed and confirmed at all levels of management by the end of February. They should not only specify all tasks, but also the prerequisites, conditions and approaches to their implementation. These efforts assume particularly important political significance in the current year. Aggressive circles in capitalist countries are adopting tight measures against the socialist community, specifically against us. They would like to impart their crisis problems to us. They are applying forms of embargo, limitations and pressure, etc., that are without precedent. In spite of all this we set for ourselves the goal of achieving an additional significant acceleration of the overall dynamic development of the national economy in 1984. We resolved not only to accelerate even more significantly the dynamism of the generation of material sources in Slovakia, but first of all--what really counts--to improve the all-round effectiveness of development.

The reports of central statistical bureaus published over the past several days reinforce our self-confidence and pride in the attained results. At the same time they inspire us systematically to implement with even greater determination the objectives of the economic and social policy approved by the 16th CPCZ Congress.

In comparison to 1983, we want to increase generation of national income in Slovakia by 4.2 percent in 1984, to assure its increment by Kcs 6 billion. That is an increase approximately identical to that achieved in the 3 years of the Seventh 5-Year Plan to date. The political significance of carrying out this year's tasks is underscored even more by the fact that this is the penultimate year of the 5-year plan. In the current year we are entering the final term for implementing the promulgated program. We are also factually deciding what account we shall be presenting about our accomplishments and their effectiveness to the 17th CPCZ Congress and the CPSL congress.

On the other hand, we already have to our credit a certain amount of positive experiences in promoting and adding weight to an intensive path of development. In tackling many tasks, we are already achieving a higher efficiency of labor. Nevertheless, we must at the same time critically assess the quality of labor in those cases where we are still lagging behind and focus on such areas measures designed for the even more resolute elimination of shortcomings.

Things on Which to Concentrate

Economic party and trade-union organs in enterprises and general managements of VHJ's /economic production units/ are currently faced with many tasks, particularly in areas where efforts to meet planned tasks, so to say, fell behind in the preceding months. This involves mainly three areas of activities. The first area includes firming up relations between supply and demand. This year's complex situation is not constituted merely by the implemented significant structural changes in production. It is conspicuous primarily in cases in which enterprises submitted (in midyear of last year) plan proposals on a quantitatively, and mainly qualitatively, lower basis, or underestimated results anticipated last year and, consequently, also organized their supply and demand deliberations, as one might say, at lower rpm. The measure of such differences is considerable. Thus, e.g., VHJ's in the industry expected that they would not be able to meet last year's plan of production as well as final deliveries for foreign and domestic trade. In reality, production exceeds their expectations by Kcs 2.3 billion and deliveries are also up by Kcs 2.8 billion. And when they included in their proposed plans for 1984 tasks that fall short of the requirements of the 5-year plan, specifications of the state plan assigned to them tasks higher than those they proposed, e.g., by Kcs 1.1 billion for production and by Kcs 2.5 billion for deliveries. This obviously had a considerable qualitative impact on the plan's tasks. Thus, managerial personnel of VHJ's and of enterprises are faced with the complex task of bringing their supply and demand relations into harmony with the approved state plan.

The other two tasks are mutually interconnected. They involve the specification of enterprise tasks and prerequisites down to the workshop level, to all other workplaces, and the acquisition of the support of all workers, so that they come to regard the tasks not only as indispensable, but also as realistic, so that they can adopt them and regard them as their own. Managerial and administrative personnel as well as foremen are therefore facing a highly responsible and complex task. They can receive considerable help in dealing with it from the February party meeting and the preparation of collective contracts. Party organizations and their committees should see to it every day that economic

management is correctly mobilizing all available developmental potential and untapped resources, systematically promoting societal priorities, resolutely eliminating shortcomings, actively and viably utilizing all generated values. It stands to reason that this opens up a wide area for activities by trade union organizations.

Quality Opens up Gates to Markets

Achieving the high extent of efficient utilization of raw materials and of energy as envisioned in the nature of the plan for 1984 is the prerequisite that would give us at least a chance for implementing the planned development of production with the limited inputs at our disposal. It is also a prerequisite for allowing us to balance through gradual increases in the value of products general increases in prices and the social costs of acquisition of imported as well as domestic raw materials and energy. At the same time, there is a need for realizing that a more conspicuous incorporation of R&D into production and, consequently, improved quality of technical, economic, utilitarian and fashionable properties creates conditions for their improved compatibility on foreign and domestic markets while achieving the highest possible results.

From the state plan approved in Slovakia we know that up to 60 percent of the increase in final industrial production must be placed on foreign markets. This would translate into up to 80 percent of final production increases in machine building and in the electrotechnical industry. Improving the quality of products and improving the composition of their assortment is the only path to survival vis-a-vis increasing foreign competition. At the same time, it offers a key to better meeting the structure of consumer demands by the populace on the domestic market.

It was for the above reasons that at the November plenum of the CPSL Central Committee, and in the Slovak Government, particular attention was devoted to this problem. As of 1984 the plan also incorporates tasks for production that include primarily products that are technically advanced or of top quality. The plan calls for higher quotas than those proposed by VHI's. For example, between-year increases in the value of technically advanced and top quality products are to show a threefold increase over the overall rate of development of all industrial production. Sectoral organs called at the same time for channeling efforts toward the preparation of economic plans of enterprises, starting with the current year, in order to provide for more effective use of R&D results to improve the technical-economic level of production and to exceed the state plan quotas set for this area.

State testing facilities check and evaluate a mere 33.1 percent of industrial production output (they do not check the production of entire sectors, such as, e.g., generation of fuels and energy, railroad repair shops, etc.). Even the relative share of the checked products differs considerably from one sector to another; thus, e.g., in the sector under the jurisdiction of the Ministry of Metallurgy and Heavy Machine Building it represents but 10.2 percent, in that of the Ministry of General Engineering 22.5 percent, in enterprises of the SSR Ministry of Industry 40.5 percent, in production of construction materials 53.7 percent, etc.

The share of top-quality and other products---examined by three R&D and investment development committees and which in their sum form the so-called products of a high technoeconomical level---is still small. That is precisely why managerial personnel, technicians, personnel of R&D facilities, designers, improvement promoters and innovators are faced with the task of conspicuously increasing, even multiplying the share of these high-quality products and, at the same time, availing themselves of their preferential pricing to generate higher wage funds. Herein everybody plays his irreplaceable role. The same applies also to machinery and equipment operators who make direct on-the-spot decisions regarding the products' quality of workmanship, elimination of rejects, etc.

All this consequently involves far-reaching measures that have a significant impact on overall khozraschet relations of enterprises, generation of means for remuneration, generation of resources for investments, etc.

New Criteria for Effectiveness, Intensification

The significant reinforcement provided for promoting an intensive path of development is accentuated also by the fact that, for all practical purposes, the entire acceleration of the dynamics in the generation of material resources is to be achieved essentially by more effective utilization of raw materials and of energy. Managerial personnel of enterprises, when detailing economic plans, must pay particular attention to the fact that all this will occur simultaneously with changes in the criteria for individual factors of effective utilization and, thus, also in changes of the relative weight of each percent of savings of past and direct labor input in excess of the planned quota. As of 1 January 1984, enterprises are subject to significant modifications in wholesale and procurement prices as well as tariffs.

This is being carried out in keeping with the set long-term price policy line wherein price modifications are a reflection of a new situation in the world economy. The emergence and consequences of this new situation were pointed out as early as the November plenum of the CPCZ Central Committee held in 1974. The subsequent stage that is coming into its own in the current year manifests its extent and economic importance by the fact that consequences of price movements represent approximately five percent of the total CSSR national product.

The measures applied to the overall level of wholesale prices and their relative relations must be seen in their organic connection to the process of intensification of our national economy. We must make more effective use of this important economic instrument for accelerating and adding depth to this process.

Price modifications bring about important changes in relative value relations of production factors primarily by increasing the level of material costs in state economic organizations by 8.7 percent nationwide and by up to 11 percent in sectors under the jurisdiction of the SSR Government by putting a higher price on inputs of not only of primary energy, but also of processed and raw materials, fuels, electric energy and petroleum products.

More realistic will be the assessment of the profitability of individual sectors in relation to the prices achieved for exports, differentiated by sectors. The

profitability of the chemical industry decreased from 12 to 6 percent, that of the pharmaceutical industry from 27 to 15 percent (including prices attained abroad), while a mild increase occurred in the construction output of the SSR Ministry of Building.

Several active measures promote greater use of technological progress. These include reductions in prices of products of the electrotechnical industry, the possibility for applying so-called dual pricing and, ultimately, also quite substantial changes in price relations of investments in favor of machinery and equipment. In practice this calls for basing calculations not on current conditions, but basing utilization of investment resources, capacities, research and projections on considerations that take into account future conditions. For that reason there should also be a closer linkage between the medium-term plan and the principles of fiscal, price, credit and allocation policy.

If enterprises prepared plan proposals last year in the so-called old prices and received specifications of the approved state plan already showing the new prices, they must also carry out the detailing of their own economic plans in these new prices. That makes extraordinary and completely new demands on the quality of efforts in the sphere of economy. This tends to bring into the foreground mainly the need for a more comprehensive look at value categories.

More Demanding Criteria in the Fiscal Sphere

Many additional obligations that will have to be dealt with accrue from the above-mentioned measures to economic organizations in industry and in construction; they will have to learn to deal with new realities. However, the emphasis herein must always be on combining enterprise, group and individual interests with societal interests.

Full recognition must be given in this context to the importance of applying a specifically designed system of wage controls in the first quarter of the year (in view of the cited considerable changes in value indicators and the possibility of an eventual distortion), the significance of defining in closer detail the system for releasing wage funds (precluding duplication), the significance of liability for undesirable development of inventories, as well as the significance of a stronger linkage between drawing on wage funds and exceeding planned quotas as well as carrying out priority assignments and, of course, vice versa.

In the area of foreign trade, where the only remaining obligatory indicator is export in prices quoted as "all charges paid," the two governments stipulated for the current year criteria of minimum effectiveness of exports. This means in practice that the criterion for sales of products on foreign markets will be not only their marketability, but also the attainment of at least two out of four prescribed precise numerical criteria, namely: the so-called differential indicator, the foreign exchange value of total production costs, the relation of the value of deliveries for exports in wholesale prices to total production costs, and foreign exchange value of directly expended materials and wages. Export quotas of the state plan will be considered met when the finished product is transferred to the first public shipper for transportation to its place of destination abroad, not upon delivery to the storage facilities of foreign trade organizations.

Consideration is sure to be given in detailing the fiscal plan also to measures that expand the differentiation of basic credit rates toward stricter recourse for defaults (higher interest rate penalties for late credit payments, higher penalties for undesirable development of inventories, etc.). On the other hand, preferential credit will be granted for the implementation of R&D tasks and others.

All of these measures call for abstaining from a mechanical, stereotyped approach and creating room for an active and creative search for and implementation of the most effective measures, from the viewpoint of society as a whole.

Creative Activity and Concerted Effort

The prerequisite for the successful attainment of the planned quotas is their creative detailing down to individual workplaces, thorough familiarity on the part of all personnel with their own respective roles. This means pointing out to them the focal points in the plan of the enterprise, plant or workshop, particularly those points that they can directly influence themselves.

With changing conditions and, consequently, changing approaches to the implementation of economic development, there must inevitably occur changes in the orientation of the pledge movement and of socialist competition toward qualitative aspects of development, effectiveness and generation of resources as well as effective and better meeting of needs in the context of the thoughts voiced by CPSL Central Committee First Secretary Jozef Lenart in an interview with the editors in chief of PRAVDA, UJ SZO and NOVE SLOVO (PRAVDA, 11 January 1984). This calls on enterprise management to pinpoint, in keeping with the actual specific conditions at each workplace, focal points on which the initiative of workers must be concentrated.

In this sense the essential unity of two documents--the economic plans currently being prepared and collective contracts--should also become manifested. New conditions call for new actions on everybody's part and a simultaneously concerted effort exerted by all. That was, is and will be the strength and advantage offered by our socialist social system.

The Outset Is of Key Importance

The experience gathered in previous years, but primarily in the course of last year, shows the decisive importance of the role played in the actual implementation of the plan by a uniformly progressing meeting of tasks throughout the entire year, i.e., from its very beginning. Last year was particularly instructive through its successful start and by our managing to avail ourselves operationally of the extraordinarily favorable conditions encountered in the first months of last year. Conditions are equally favorable this year, in some aspects even more favorable than they were last year.

The first consideration that must not be forgotten in a chronological breakdown of tasks is available working time. In the current year there will be 280 workdays, i.e., the same as in the preceding 3 years of the current 5-year plan. However, in the first quarter there are 66 workdays, while last year there were

only 64 and in 1981 and 1982 still one less. Many years of experience tell us that once we manage to meet in the first quarter of the year in industry an average of 25 percent of the year's quota (with certain differentiation according to sectors), we will have managed to meet the year's quota with success. However, in the initial years of this 5-year plan we met the yearly plans only by 24 percent. In the current year up to 25.4 percent of the working time available for the entire year is concentrated in its first quarter. Thus, our efforts should be directed toward meeting at least 26 percent of the yearly plan's quota during that period. Of course, smaller differentiation applies herein to continuous operations. It being a leap year, there will be one additional calendar day in February. Thus, in continuous operations there will be one additional workday.

All of this applies similarly to the construction industry. In past years it was assured of meeting the year's quota when it met 20 percent of the year's quota in the first quarter. This year we should endeavor to meet the year's quota by up to 21 percent in the first quarter. However, that calls for a thorough organization and preparation of operations that would preclude repetition of last year's imbalanced progress in the implementation of the plan. For the entire last year the volume of construction operations was lower by 2.9 percent than in 1982, representing a decrease by Kcs 1.1 billion (even the plan envisioned a decrease). Completions in the first quarter (according to investors' reports) represented 15.7 percent, i.e., almost Kcs 700 million more than in 1982, but in the subsequent months they amounted to 6.4 percent, i.e., Kcs 1.5 billion less than in 1982. That is what happened in each of the 9 remaining months, which just goes to show what great untapped resources there are in this sector. Their utilization should be aided by the new system of billing--upon completion of integral operational units.

January Holds Promise

The results already known for the first month of the current year clearly show not only that the potential is there, but also the actual successful start made in meeting this year's quotas, creating the prerequisites for planned acceleration of the dynamism of production. Production increased in industry as a whole by 7.5 percent in comparison to January of last year, and by 4.2 percent in comparison with the year's quota (against the actual, i.e., higher level for 1983, as was expected). This translates into meeting the year's quota by 8.4 percent, i.e., more than in any of the last 5 years. Even in recomputation to an identical working year the result is equally favorable.

January production in machine building increased by as much as 19.7 percent (by some 10 percent in comparison to the growth rate for the year), mainly due to increases in general engineering. Production in the woodworking industry was up by 8.4 percent (planned 6.8 percent). Production in the chemical and rubber industry, without any increases in petroleum processing, increased by 4.1 percent (planned 1.7 percent). Production in light industry rose by 6.2 percent (planned 1.5 percent).

Construction-oriented production was not quite as successful. It met quotas by only 6.2 percent, i.e., less than last year, or the same share of the year's quota as in 1981.

For the time being there are no data regarding the effectiveness of production. Gross increase in labor productivity in industry amounted to 5.9 percent and an additional increase in manpower potential by almost 11,000 competent personnel should become reflected in the final result.

However, even these sparse data for the first month of the year make us wonder, e.g., why the management sphere did not devote adequate attention to a chronological breakdown of tasks. Otherwise it is difficult to find an explanation for the fact that even entire sectors exceeded the plan by more than 3 percent, while even with more available working time it was anticipated that they would achieve a less than average increase. Analyses and measures are also called for by the fact that among the enterprises which fail to meet the plan are the same plants that fared similarly last year.

*

On the basis of the strategic policy promulgated by the 16th CPCZ Congress, richer by the attained results and by the experience gathered in the 3 years of the Seventh 5-Year Plan, we are setting for ourselves a high and challenging goal for this year. The implementation of the stipulated tasks will call for the expenditure of considerable effort at every place of work; everybody will have to carry out his share of tasks. Through effective organization of labor, with active, creative and inspired contribution by each of the almost 2.5 million members of the family of workers in Slovakia we must provide for successful meeting of the plan in the 4th year of this 5-year plan. We too must now be guided by the full impact of Lenin's words that once a correct policy has been formulated, a correct policy line staked out, i.e., when the objectives are clear, success hinges primarily on the organization of labor. For us this involves the organization of labor in its broadest concept, at all levels and in all sectors--the kind of organization that will translate into availing ourselves to the utmost of the advantages offered by our socialist social system.

8204

CSO: 2400/243

PRICING ORDER CITES HOURLY WAGES FOR AUTO WORKERS

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 7, 13 Mar 84 pp 82-84

"Pricing Order No 423/2¹ on Industrial Prices for Maintenance and Supplementary Services of Road Vehicles, Tractors and Their Trailers of 2 February 1984," signed by O. Arndt, Minister for Transportation

Text of Order The following is ordered in amendment and supplementation of Order No Pr 423 of 16 August 1982 on Industrial Prices for Maintenance and Supplementary Services of Road Vehicles, Tractors and Their Trailers (GESETZBLATT Special Issue No 1098):

Article 1

Stricken in Article 1 Paragraph 1 is the key No "from 19 34 80 00 material services to tractors and their trailers."

Article 2

(1) Article 2 is supplemented by Paragraphs 4 and 5:

"(4) The hourly wage rates of Attachment 3 apply as follows:

- Hourly wage rates of No 1 apply to all suppliers and vis-a-vis all customers with the exception of VE combines and enterprises as well as enterprises of agriculture as suppliers or customers of maintenance services for commercial vehicles.
- The hourly wage rates of No 2 apply to all suppliers and vis-a-vis all customers with the exception of
 - .. Craft cooperatives, production cooperatives of working high-seas and coastal fishermen, private artisans and small traders as well as the self-employed,
 - .. Private holdings of members and workers of LPG's and GPG's horticultural producer cooperatives,
 - .. Facilities of religious communities.

Vis-a-vis these customers, the hourly wage rates of Attachment 3 No 1 continue to be applicable. Customers, excepting customers as per Article 5, must settle the difference with the state budget as per a special legal regulation.²

(5) Craft cooperatives, producer cooperatives of working high-seas and coastal fishermen, private artisans and small traders as well as the self-employed and facilities of religious communities, who carry out maintenance services as per Article 1 Paragraph 1 for customers for whom the hourly wage rates of Attachment 3 No 2 apply, calculate the hourly wage rates for these customers as per Attachment 3 No 2. The difference arising for the above mentioned suppliers against the hourly wage rates of Attachment 3 No 1 must be settled with the state budget as per a special legal regulation."²

(2) The former Paragraphs 4-10 will now be Paragraphs 6-12.

Article 3

(1) Article 4 is supplemented by the following Paragraph 9:

"(9) For welding and cutting operations on motor vehicles with special superstructures (boiler, tank and container vehicles), motor vehicle repair enterprises entered in the craft register may charge the supplementary amounts of the Attachment to Pricing Order No 439 of 13 September 1955--Order on Price Formation in Welding Crafts--(GESETZBLATT Special Issue No 107)."

(2) Article 5 Paragraph 3 line 6 is revised as follows:

"-- Passenger cars including motorcycles 70 percent of the EVP /retail selling price/ "

(3) Article 9 Paragraph 2 is revised as follows:

"(2) Concentration enterprises must grant the

-- Overall trade margin to component group supply enterprises or collection centers or exchange bases of agriculture;

-- Retail trade margin to further processing enterprises.

They are obligated to supply the component groups free at the component group supply enterprise or collecting center or exchange base of agriculture, or free at the receiving station. The costs arising therefrom are met by the RLM."

(4) Article 11 Paragraph 3 line 7 is revised as follows:

"Hourly wage rate to be specified with the respective minute factor."

(5) To be struck in Article 12 Paragraph 2 letter a, dash 5, line 4 are the words "except Article 3 Paragraph 2."

(6) Article 12 is supplemented by the following Paragraphs 4 and 5:

"(4) Craft production cooperatives, private artisans and small traders who provide services as per Article 1 Paragraph 1 of this order, pay a production fund tax. The rates of the production fund tax are conveyed to them by the kreis councils, finance department. Nevertheless, the enterprises must inquire the amount of the production fund tax at the responsible organs if they have not been informed of it by the time the services begin.

(5) No turnover tax nor, in the case of small trades, trade tax is payable for the services rendered in the scope of this order."

Article 4

(1) Attachment 2 to the order is supplemented by the following price lists:

"No 16 Other motor vehicle maintenance Flat, gable and hoop tarpaulins for trucks services

No 17 Other motor vehicle maintenance Tire maintenance and vulcanizing services services

(2) Price list No 8a-8e as per Attachment 2 is revised as follows:

"8a-8i Servicing and maintenance of road vehicles and the use of self-service facilities."

(3) Attachment 3 is revised as follows:

"Attachment 3 to the Preceding Order

Hourly Wage Rates as per Article 2 Paragraph 3 for Material Services for Road Vehicles not Included in Price Lists

	VE Combines and Enterprises		Craft Production Cooperatives		Private Artisan Enterprises	
	M		M		M	
	hour	minute	hour	minute	hour	minute
1. Maintenance Services to road vehicles for services of motor vehicle maintenance including bodywork, vehicle painters, vehicle sheet metal workers and vehicle washing and service personnel						
For production workers	7.92	0.132	6.30	0.105	6.00	0.100
For apprentices of the 1st and 2d half year of apprenticeship	4.32	0.072	3.42	0.057	3.30	0.055

	VE Combines and Enterprises		Craft Production Cooperatives		Private Artisan Enterprises	
	M		M		M	
	hour	minute	hour	minute	hour	minute
For apprentices of the 3rd, 4th and 5th half year of appren- ticeship	5.58	0.093	4.50	0.075	4.38	0.073
For services of vehicle upholsterers						
For production workers	7.92	0.132	5.40	0.090	5.34	0.089
For apprentices of the 1st and 2d half year of apprenticeship	4.32	0.072	2.88	0.048	2.88	0.048
For apprentices of the 3rd, 4th and 5th half year of appren- ticeship	5.58	0.093	3.90	0.065	3.90	0.065
For services of vehicle glaziers						
For production workers	7.92	0.132	5.82	0.097	5.34	0.089
For apprentices of the 1st and 2d half year of apprenticeship	4.32	0.072	3.18	0.053	2.88	0.048
For apprentices of the 3rd, 4th and 5th half year of appren- ticeship	5.58	0.093	4.20	0.070	3.90	0.065
For mechanical services						
For production	7.92	0.132	6.78	0.113	6.78	0.113
For apprentices of the 1st and 2d half year of apprenticeship	4.32	0.072	3.72	0.062	3.72	0.062
For apprentices of the 3rd, 4th and 5th half year of appren- ticeship	5.58	0.093	4.80	0.080	4.80	0.080

2. Maintenance services for commercial vehicles

	per hour	per minute
For services of motor vehicle maintenance, vehicle upholsterers, vehicle glaziers and mechanical services as well as vehicle body work, vehicle painters, vehicle sheet metal workers and vehicle washing and service personnel		
For production workers	14.00	0.233
For apprentices of the 1st and 2d half year of apprenticeship	7.63	0.127
For apprentices of the 3rd, 4th and 5th half year of apprenticeship	9.86	0.164"

Article 5

This order takes effect upon publication.

FOOTNOTES

1. Order No Pr 423/1 of 15 February 1983 (GB1 I No 5 p 59).
2. Currently in effect are the Decree of 1 July 1982 on Product-Linked Taxes and Price Supports (GB1 I No 30 p 547), the First Implementing Regulation of 1 July 1983 (GB1 I No 30 p 550) and the Second Implementing Regulation of 20 May 1983 (GB1 I No 15 p 165).

11698

CSO: 2300/360

MORE AGRICULTURAL ENTREPRENEURSHIP URGED

Budapest NEPSZABADSAG in Hungarian 29 Feb 84 p 10

[Article by Jozsef Farkas: "Entrepreneurial Possibilities in Agriculture"]

[Text] At the turn of the century, food will have to be provided for 6 billion people in the world. Among other matters at the meeting of the Club of Rome in Hungary, the participants expressed the opinion that those countries which can produce food for export in the coming decade will be at an advantage. In our country, we already produce for export on every third cultivated hectare. It is in our interest to expand export, since that improves our balance of trade.

The question is: is it possible to expand agricultural production? On the basis of our experience up to this point, the entrepreneurial spirit is strong on the farms and they adapt quickly to the new situation. For example, in the past twelve years, large agricultural enterprises have increased their production by 83.7 percent. This rate is among the highest even in international terms. Of course, there is a tradition of enterprise and of a willingness to take risks in agriculture. People who work on the land have been compelled to do so by nature.

What opportunities are there nowadays for enterprise and the expansion of production? What factors inhibit decision making at the farms? We talked about these questions with Laszlo Csaba, scientific director of the Agrarian Management Research Institute; Jozsef Ihaszi, secretary of the Pest County Agricultural Coop District Association; Gyorgy Juscsak, director of the Lower Matra State Fram; and Zoltan Varga, president of the Dozsa Agricultural Coop of Veszprem.

Evolved Mechanism

According to the most recent data, we produce grain crops on 62 percent of the country's arable land. The growing of corn and other spicigerous crops is lucrative, and for this reason the farms have adopted these. Animal raising is less profitable. In many places the following is said about these choices: the animals eat the profits of the fields along with their feed. In livestock breeding traditions, existing structures, installations and the occupations of people do not allow any quick changes in the methods and structures of production.

From this it follows that there are fewer possibilities for the modification of the evolved and the accepted mechanisms of production. In one portion of the farms, the yields are large, and these are hard to increase. For example, at the Dozsa Agricultural Coop of Veszprem, where they are working on 12 gold crown valued fields and bring in 5 tons of wheat and 6-7 tons of corn for each hectare. They get an average of 6,880 liters of milk from one cow. At the Lower Matra State Farms the natural conditions are similar and so are the production results. This is why they say that in plant cultivation and in livestock breeding, the possibilities for expanding production have been largely exhausted and their biological and organizational reserves have been depleted.

Naturally, these circumstances are not the same on every farm. Two and three ton wheat and corn yields occur as well as 2000 liters of milk per cow. Thus the great reserve of agriculture is in getting the stragglers to catch up. The support of the production of the ones managing with unfavorable resources could also result in an increase of farm production.

However, even at the farms in the forefront of production, many methods are available for the purpose of improving profitability. The growth rate of production expenses can be slowed down if the more expensive tools and materials are replaced by cheaper ones. At many farms these possibilities are exploited. The amounts spent on artificial fertilizers are decreased or kept the same and organic waste is used to provide the necessary soil fertilization. Gas is substituted for the more expensive types of fuels and wherever possible rubbish is burned. Animal garbage is collected also providing valuable protein rich feed.

Another possibility for the improvement of profitability is the completion of up-to-date efficiency analyses. If, indeed, people are continuously aware of the outlays and of their results, they can obtain a more complete picture of the farm. If they possess these more thorough data, they can make decisions, for example, to decrease the amount of materials used in production, thereby decreasing the yields, but the profitability of production still could improve. In the last few years, new entrepreneurial forms have proliferated, promising a decrease in expenses and an increase in the efficiency of direct labor.

Production can be expanded at every farm, if they try to change the natural circumstances. Some places, once waterlogged, are now producing wheat; at others, the yields per hectare have increased appreciably after melioration. This year, for example, it will provide 1.3 billion forint support for this purpose. The farms also see this as a source of improvement, since they are spending nearly 1.2 billion forint of their own funds for melioration.

Production can also be increased by the spread of new species of plants with large productive capacities, and by the better use and increase of areas of irrigation. Grass improvement is an often mentioned reserve. Still, there are few entrepreneurs willing to do this. Since grass yield is used mainly by cattle, but the profitability of milk and meat products is small and thus the forint spent on the improvement of meadows and pastures does not have a

good return. The farms see more possibilities in the development of small scale production. They rent out cattle, swine and fowl and help provide feed for these by modernizing the household plots.

These examples also prove that the farms use initiative when they have a hope for successfully serving their own interests. Initiative, therefore, is connected to economic regulation and enterprise independence. Even within plants external, economic interests are mediated, thereby creating the financial stimulation for workers. The latter could reveal new reserves in the decrease of production costs and the improvement of results.

A precondition of initiative and independence, however, is fresh information. Professionals working at the farms often miss this. They know little about the market and especially about the fluctuation of the saleability of products. Without these however, production can follow the intentions of buyers only belatedly and entrepreneurship is slowed.

What Is Being Developed

The cooperatives and the state farms are still engaged in starting new enterprises. At the Dozsa Coop of Veszprem, production value has tripled in a few years and the value of the profits has increased by a factor of 4 to 5. At the Lower Matra State Farm, production has grown by 100 million forint in a single year and the profit has doubled.

Where, in what area are there openings for entrepreneurship? As the directors of the farms indicate, these exist, for example, in complementary activities. This type of work compels the rational taking of risks. They may only occupy themselves with those services and industrial tasks which the market will bear, which can be organized profitable. And since the farms organize the complementary tasks themselves, they have a day-to-day knowledge of the market.

These types of activities have received a larger share of the enterprises, since the profitability of production in them is greater and more secure than in the basic activities. Forty percent of the profit of agricultural plants comes from complementary activities. At the Lower Matra State Farm for example, 70 percent of the income of the basic activities come from animal breeding. At the same time, the farm makes a modest profit on swine breeding while it loses money on cattle. In contrast to this, the profitability of complementary activities is 20 percent and if they organize production well, they can be certain of achieving this. The smaller units are mobile, production not being burdened by high administrative costs, thus a profit greater than the average is normal.

The statement of the director of the farm is understandable: "Using the larger portion of the profit from complementary activities we develop and expand this branch." For a long time we argued earlier that the larger profit of the complementary activities afforded an opportunity for the farms to develop the basic ones. This was true, since plant production and animal breeding developed faster where complementary activity was the strongest.

However, the encouragement and the emphasis on enterprise no longer makes this type of argument necessary. As they say, the entrepreneur does not think only in terms of milk, grain and sugar beets, but also in terms of forints. For him the attainable profit is also important, therefore he directs development and investment to where he can achieve the greatest income. Many years of experience have shown that one does not have to worry that the coops and the state farms will not try hard enough on the basic activities, since it is also the task of central planning that agricultural planning should encourage necessary development.

The farms are making an effort to provide the organizational framework for this. At the Lower Matra State Farm they say, "We have announced the need for the spirit of enterprise on the company level as well." It is not enough if only a few leaders of the farm are flexible. Everyone must sense the significance and the usefulness of his work, so that he may see his own role and responsibility in the production process. At the Dozsa Coop of Veszprem, for example, beginning in January every production unit will manage itself independently. The leadership of the coop will only determine the amount of profit they must show for each 100 forint in wages. Thus the decision-making process will also be closer to the actual production. Greater independence encourages initiative and increases responsibility, and in the hope of greater income the collectives are willing to take on more work.

Enterprise assumes the willingness to take a risk as well as the right to make a mistake. In economic life, however, there are financial consequences of making mistakes and this must also be accepted. In other words, without reserves the possibilities of enterprising are also limited. Especially at the farms which have suffered from drought the contradiction is most apparent. They use up their reserves in order to take care of their losses, their entrepreneurial possibilities are diminished, even though they would have greatest need for these exactly under these unfavorable circumstances.

The criticism is often voiced that agricultural production is expensive and that the use of the work force is not sufficiently efficient. This can be proved by using statistics, especially if we compare our agriculture with those of other countries. The directors of the farms, however, argue that the efficiency of the work force does not depend solely on them, so that they can not be blamed for the practice as it has evolved. They are justified in pointing to the known irregularities of income regulation. At the Lower Matra State Farm for example, the yearly personal income of 53,000 forints and at Veszprem the nearly 70,000 forints keep enterprises within defined limits.

Flexibility and Stability

Enthusiasm is also held back by the fact that in spite of the definite encouragement the entrepreneurs lack trust. According to the President of the Dozsa Cooperative of Veszprem, "There were never as many people's inspectors and specialists working at the directory of incomes at the farm as there have been since our spectacular development." It is also true that it was easier to follow and to inspect the earlier simpler production

production mechanism and the use of state subsidies than the present proliferating practice. However it is also in the interest of the farms to forestall irregularities, since a good reputation is also one condition of production.

The participants in the discussion emphasized that economic regulation must compel the spread of enterprise. After all, it is in the interests of the people's economy that every company produce goods that can be sold, occupy itself with tasks which it knows best how to perform and which provide it with a decent income. The farms also expect regulations to encourage flexibility while they preserve the stability of production, since biological resources determine the flexibility of agricultural production.

12489

CSO: 2500/251

REFORM TASK FORCE HEARS PROPOSALS ON WAYS TO BOOST EXPORT SALES

Warsaw RZECZPOSPOLITA in Polish 24 Feb 84 p 5

[Article by em es: "Conditions for Increasing Export Merchandise"]

[Text] Poland's foreign trade problems were the subject of discussions on the 23rd of this month held by Group VIII of the Economic Reform Commission. The meeting was conducted by Stanislaw Dlugosz, assistant chairman of the Council of Ministers' Planning Commission. A report authored by Professor Zygmunt Kossut for the Department of Foreign Trade of the SGPiS [Main School of Planning and Statistics] was the starting point of the discussion. The author made a thorough analysis of the conditions of our export situation, presenting at the same time proposals for changes aimed at its intensification. In order for this goal to be achieved, a suitable, multiyear program of export development on a national scale is essential.

The program of export development ought to be centrally worked out with regard to past experiences, today's realities, and comprehensive investigations concerning the future. A good program also ought to take into account initiatives from below of exporter enterprises. There exists an urgent need for individual and joint examination of development programs and of export activities by the head office and workplaces. The installation, however, of general rules for all enterprises is not enough; each of them is different and possesses a specific starting point, conditions and particular characteristics.

The first conclusion concerning the necessity of establishing an export development plan and thinking about its realization appeared at this point in the debate. This is very urgent because solutions up to now, having as their purpose the stimulation of exports, have produced insufficient effects. The problem of reckoning foreign currency deductions met with general approval among interested exporters. It is necessary, it was said, to find other forms of more rational use of these deductions.

Supporting exports is not only support for the activity of particular enterprises and their development but also the intensification of material incentives for workers of these enterprises. On one hand, it is a question of the development of enterprises producing for export and their proper

supply, and on the other hand, the proper motivation of the activities of the workers employed in export production. An interesting proposal in this matter was presented by a representative of the Planning Commission, according to which a worker would get something like a PKO [General Savings Bank] savings account, in which he would collect money reckoned from a share of the export in production and earmarked in advance for a defined purpose.

The next important problem to which attention was paid was the functioning of enterprises of foreign trade in the partnership form, whose partners--next to the treasury--are production enterprises. This is a big chance for interest in exports by production plants.

Attention was also paid to the need for the stabilization of rules for influencing exporters, which would allow continual adaptation in the face of proper and obligatory regulations.

12432

CSO: 2600/743

AMENDMENTS TO ECONOMIC REFORM LEGISLATION PASSED, PUBLISHED

Warsaw DZIENNIK USTAW in Polish No 71, 27 Dec 83 Item 318 pp 929-935

[Law of 21 December 1983 on amendments to certain laws introducing the economic reform]

[Text] In order to reinforce the principles and to raise the efficiency of the mechanisms of the reform, the following is decreed:

Article 1. The law of 26 February 1982 on prices (DZIENNIK USTAW No 7, Item 52) is amended as follows:

1) article 6, point 5 is worded:

"5. construction projects and work carried out on contracts not awarded by bidding,";

2) added to article 7, is paragraph 3, worded:

"3. The minister of foreign trade, in cooperation with the minister of finance and minister of prices, specifies the goods included in the list mentioned in paragraph 1, for which official prices are used in settling export and import operations.";

3) in article 11:

a) following paragraph 2, paragraph 2a is added, worded:

"2a. Contract prices are established by way of their negotiation between the parties entering into a contract.",

b) paragraph 4 is added, worded:

"4. Contract prices are calculated in the basis of justified costs.";

4) following article 11, article 11a is added, worded:

"Article 11a. 1. Contract and regulated prices of construction projects and work are calculated on the basis of cost estimate.

2. The minister of prices, in cooperation with the minister of construction and the construction materials industry, defines the guidelines for drawing up cost estimates of construction projects and work.";

5) article 12 is worded:

"Article 12. 1. The Council of Ministers, in order to counteract unfavorable socioeconomic phenomena, can:

- 1) freeze prices for a period of no longer than 3 months,
 - 2) impose a temporary ban on raising the prices of particular groups of goods and services, save for the cases resulting from the impact of factors beyond the control of the enterprises (seller),
 - 3) impose temporary maximum limits of growth of contract prices for particular groups of goods and services.
2. In the case that the right to raise prices is limited as described in paragraph 1, points 2 and 3 the profit included in the prices of goods and services which are modifications of the goods produced so far cannot exceed the average profit obtained by the seller from the sales of goods of the same or a similar assortment group.";

6) in article 13:

a) in paragraph 3, the period at the end is substituted by a comma and the words "taking into consideration provisions of paragraphs 4 and 5" are added,

b) paragraph 4 is worded:

"4. The minister of prices, in order to counteract excessive growth of contract margins, can:

1. impose the duty of using official margins,
2. set average levels of contract margins, which are mandatory for certain trade organizations or in the turnover of certain groups of goods."

c) paragraph 5 is added, worded:

"5. In the cases envisaged by paragraph 4, point 2, trade organizations can set contract margins on the sales of particular goods at levels above or below those set on the basis of this regulation, if the average level of margins for a particular group of goods is preserved.";

7) in article 14:

a) the content is designated paragraph 1 and after the word "goods" the words "and services" are added,

b) paragraphs 2 through 4 are added, worded:

"2. If the seller does not reduce the price in the case envisaged by paragraph 1, the minister of prices or district price offices suspended further utilization of this price and set a price commensurate with the quality of a good or service.

3. The price commensurate with the quality of a good or service, envisaged by paragraph 2, is set on the basis of an investigation into the degree of deterioration in quality by the Polish Committee for Standardization, Measures and Quality or by an organization empowered by the committee.

4. The costs of an investigation are the responsibility of the seller setting an excessive price.";

8) article 15 is worded:

"Article 15. 1. A price should be marked on merchandise intended for retail.

2. The producer marks the prices of goods for which official or regulated prices are in effect. If a contract price is in effect and the producer, according to the contract between the parties, is not under the obligation to mark the price, it is the responsibility of the seller to mark the price.

3. In outlets where merchandise is retailed or services are provided prices must be displayed in a way ensuring simple and unambiguous information on their level and, with regard to official prices, also the kind (official price).";

9) in article 18:

a) paragraph 1 is worded:

"1. The seller who, despite a deterioration in the quality of a good or a service relative to the norms accepted when an official, regulated or contract price was set, did not reduce that price, as well as a seller, who as a result of using official or regulated prices in violation of the regulations, received undue proceeds in that way, is obligated to reimburse such proceeds to the purchaser. Likewise, it is the duty of the seller who, despite the limitations on the free setting of prices envisaged by article 12 paragraph 1, raised and exacted a price exceeding the admissible level to reimburse the undue proceeds."

b) in paragraph 2, a second sentence is added, worded:

"It is also the duty of the seller to contribute an additional quota to the state budget if he returned the undue proceeds to the seller after an inspection was initiated."

c) in paragraph 4 and paragraph 6, point 2 the words "district offices of state revenue and financial supervision" are replaced by the words "treasury chamber" used in the appropriate cases,

d) paragraph 9 is added, worded:

"9. Provisions of paragraphs 1 through 8 are accordingly applied to trade margins.";

10) in article 22, paragraph 3, point 3 is worded:

"3) of the seller or the sale--meaning respectively the contractor of a construction project and construction work and the offeror of services or the erection of a construction project and carrying out construction work as well as rendering services."

Article 2. The law of 26 February 1982 on the taxation of economic units in the socialized economy (DZIENNIK USTAW No 7, Item 55 and No 45, Item 289) is amended as follows:

1) in article 3:

a) paragraph 2 is worded:

"2. Economic units can, in cooperation with the proper treasury chamber, establish that the taxes defined in paragraph 1, points 1 through 3 are paid by the divisions of such units drawing up their own balances."

b) following paragraph 2, paragraph 2a is added, worded:

"2a. The minister of finance can give his consent to the payment of income taxes by the divisions of economic units drawing up their own balances.";

- 2) in article 4 after the words "and the levying of taxes" a comma is placed and the words "with the exception of the real estate tax" are added;
- 3) in article 6:
 - a) in paragraph 2, point 2 is deleted,
 - b) in paragraph 3, point 2 is worded:

"2) caused shortages of products purchased at prices not including the turnover tax.",
 - c) in paragraph 4, points 2 and 3 are worded:

"2) semi-finished products, raw and other materials,

3) by-products and waste specified by the minister of finance.",
 - d) in paragraph 4, point 5 the words "raw and other materials and semi-finished products" are deleted;
- 4) in article 16:
 - a) paragraph 2 is worded:

"2. The rates of taxation are permanent for the duration of a year. However, the minister of finance can, on the recommendation of the minister of prices or on his own initiative, change the rates of taxation if the need becomes apparent to change prices due to the market situation or justified increases in the cost of production as well as in the case of economic units receiving profits not associated with the efficiency of economic activity.",
 - b) in paragraph 3, the period is substituted by a comma and the words "with the exception of paragraph 1" are added;
- 5) articles 18 through 22 are deleted;
- 6) in article 30:
 - a) point 1 is worded:

"1) sales to other units of the socialized economy of supply (including cooperation) and investment items, with the exceptions specified by the minister of finance in the table referred to in article 15 paragraph 8",
 - b) point 2 is deleted,
 - c) following point 5, point 5a is added, worded:

"5a) sales of repaired or reconditioned products, if they were purchased for this purpose, with the exception of products specified by the minister of finance.";

7) in article 31:

- a) at the end of point 6, the words "with the exception of turnover in the sales of products specified in article 15, paragraphs 2 and 4" are added,
 - b) in point 7, the words "and their members" are deleted,
 - c) points 8 and 9 are deleted;
- 8) in article 33, paragraph 2 the period at the end is substituted by a comma and the following words are added:

"with the exception of

- 1) payments from the profit to be distributed and the balance surplus in cooperatives,
- 2) cash compensations due to the growth of retail prices";

9) in article 36, paragraphs 1 and 2 are worded:

"1) The payment of taxes, with the exception of paragraph 2, is the duty of economic units in whose possession the buildings, structures and the land are (owner, user, lessee or occupant).

2) In the case that real estate is rented or leased:

- 1) by an economic unit from a physical person--this real estate is subject to taxation,
- 2) by an economic unit to a physical person or a unit of non-socialized economy--the economic unit is taxed.";

10) in article 37, paragraph 4, item 1 the words "3 percent" are substituted by the words "2 percent";

11) chapter 5 is worded:

"Chapter 5
Income Tax

Article 39. Economic units pay income tax.

Article 40.1. Verified balance profit reported in the annual financial statement, prepared in accordance with the principles of accounting mandatory for the taxpayer plus costs and losses determined to be unjustified are the base for levying income tax.

2. The Council of Ministers specifies the kinds of costs and losses determined to be unjustified by way of a decree.
3. Profit or loss which is a part of economic results obtained by a joint stock or mixed enterprise or partnership, as well as joint ventures, is not included into the base of taxation.

Article 41.1. For the purpose of calculating balance profit, amortization of fixed assets as well as intangible and legal assets in the quota resulting from the amortization rates in effect is included in the operating costs of an economic unit.

2. The Council of ministers specifies the principles of amortization of fixed, intangible and legal assets and the amortization rates by way of a decree.

Article 42.1. If a tax organ determines that due to the failure of a taxpayer to comply with the regulations in effect on keeping the books the balance profit is not reported at a proper level, it calls on the taxpayer to correct the financial statement and gives an appropriate notice to this end and points out the items which should be corrected.

2. If the taxpayer fails to correct the financial statement in the time given, the tax organ will determine the base of taxation.

Article 43.1. If the tax organ determines that the books are kept in a way which makes it impossible to calculate the base of taxation and makes an estimate of this base, tax liability is calculated by using the tax rates commensurate with such a base, increasing the tax so calculated by 20 percent. In an explanation of the decision on the amount of income tax the tax organ will point out the reasons for which the books and the financial statement were disregarded in the proceedings.

2. If the tax organ determines that the taxpayer included in the running costs the costs of producing or purchasing a fixed asset or other investment costs, income tax calculated by applying proper rates is increased by a quota equal to such costs.

Article 44. Income tax amounts to 60 percent of the base of taxation.

Article 45.1. Income tax on:

- 1) enterprises in the form of joint stock trade companies, to which the treasury, state enterprises or other socialized economic units contribute more than 50 percent of the initial capital,

- 2) Polish Chamber of Foreign Trade, Central Union of Crafts, craft chambers and guilds in the field of their economic activity,
- 3) economic units set up by a state enterprise or another socialized economic unit and a foreign legal or physical person for the purpose of operating in the domestic and foreign market,

amounts to 65 percent of balance profit plus the costs and losses determined to be unjustified. The provision of article 40 paragraph 3 applies accordingly.

2. The provision of paragraph 1 does not apply to joint stock companies whose home offices are abroad.

Article 46. The following are exempt from income tax:

- 1) Polish National Insurance,
- 2) economic units in the field of agriculture,
- 3) institutions of higher learning and research and development units,
- 4) budgetary enterprises and auxiliary properties of budgetary units operating on simplified principles,
- 5) economic units involved in the maintenance and repair of public highways in the jurisdiction of the ministry of communications.

Article 47. By way of a decree, the Council of Ministers can introduce income tax reductions specifically reductions due to the allocation of profit for development purposes, promotion of export sales, purposes associated with the operation of vocational schools and boarding schools as well as reductions for the cooperatives of the handicapped.

Article 48. By way of a decree, the Council of Ministers:

- 1) specifies the guidelines and rates for income tax levies on banks and other financial organizations, of the Polish Lottery Monopoly and political, social and trade union organizations,
- 2) specifies the rates of income tax on the economic units referred to in article 1, paragraph 1, points 3 and 5, if agreements or contracts on their establishment do not state the rate of taxation,

- 3) can specify particular guidelines for calculation and payment of income tax by economic units for which a compensatory account is maintained in accordance with the law on the finances of state enterprises.

Article 48a. By way of a decree, the minister of finance specifies particular guidelines for the payment of installments of income tax in the course of a fiscal year as well as the guidelines for the calculation and payment of this tax by economic units for which the fiscal year coincides with the economic year.";

- 12) following article 49, article 49a is added, worded:

"Article 49a. The Council of Ministers specifies by way of a decree the cases in which economic units are obligated to reappraise the stock of raw and other materials, unfinished products, finished manufactures and goods as well as the guidelines for setting the results of such reappraisals with the budget.";

- 13) following article 51, articles 51a through 51d are added, worded:

"Article 51a.

1. Economic units for which the share of income tax due for 1983 is the balance profit for that year exceeds 60 percent, pay income tax in 1984 through 1986 at increased rates.
2. The surtax equals the difference between the income tax due for 1983 and a quota amounting to 60 percent of balance income for that year, with the provisions that the surtax is subject to annual decreases of 25 percent starting in tax year 1984.

Article 51b. Income tax calculated in accordance with articles 44 and 51a cannot exceed 80 percent of the tax base specified in article 40 paragraph 1.

Article 51c.

1. Economic units for which the share of income tax due for 1983 in the balance profit for that year is below 45 percent pay income tax in 1984 through 1986 at reduced rates.
2. Income tax calculated in accordance with article 44 is reduced by a quota equal to the difference between 60 percent of balance profit of the economic unit in 1983 and the income tax due for that year, provided that the quota of reduction is subject to annual decreases of 25 percent starting in tax year 1984.

3. Income tax calculated in accordance with paragraph 2 of the tax base specified in article 40 paragraph 1.

Article 51d. Income tax due in 1983 denotes the tax calculated according to the guidelines in effect in that year, excluding, however, from the tax base unjustified costs and losses as well as excluding:

- 1) tax reductions,
- 2) tax exemptions,
- 3) surtaxes specified in the law."

Article 3. The law of 26 February 1982 on the finances of state enterprises (DZIENNIK USTAW No 7, Item 54; No 44, Item 288; and No 49, Item 289) is amended as follows:

- 1) in article 5:

- a) paragraph 1 is worded:

"1. Verified profit of an enterprise less income tax due plus, subsequently, the share in the financial results of common stock and mixed enterprises as well as partnerships and joint venture amounts to profit for distribution.",

- b) in paragraph 3 the words "--in the sense of article 15--" are deleted;

- 2) in article 8:

- a) paragraph 2 is worded as follows:

"2. The enterprise allocates the reserve fund for covering losses.",

- b) in paragraph 3, the words "other funds created from the profit for distribution" are replaced by the words "development fund";

- 3) in article 9, paragraphs 3 and 4 the word "investment" is replaced by the word "banking";

- 4) in article 10, paragraph 3 is deleted;

- 5) article 15 is deleted;

- 6) in article 23, paragraph 4 is added, worded:

"4. The enterprise can receive subsidies from the budget for financing investment referred to in paragraph 1. The Council of Ministers will specify the guidelines for awarding such subsidies by way of a decree.";

7) in article 24, paragraphs 2 and 3 are worded:

- "2. Centralized investment projects can be financed entirely or in part by budget subsidies. The amount of budget subsidy for financing centralized investment projects is stated in the decisions on undertaking such projects.
3. A bank loan, repayable in a period of up to 10 years counting from the planned completion time of the investment project specified in the decision on undertaking it, can be obtained for financing a centralized investment project. This period can last 15 years for investment in the extractive industry, power generation and agriculture. The loan is repaid from the development fund of the enterprise set up as a result of carrying out the centralized investment project or of the enterprise in which a given investment project has been carried out.";

8) in article 27:

a) paragraph 3 is worded:

- "3. The enterprise accumulates the fund of technical and economic progress from surcharges in its operating costs. A part of the receipts of the fund originating from these surcharges is transferred by enterprises to the Central Fund for Technical and Economic Progress.";

b) following paragraph 3, paragraph 3a is added, worded:

- "3a. Rates of deductions for the fund of technical and economic progress, as well as the share of the receipts of this fund which are to be transferred to the Central Fund for Technical and Economic Progress, are set for a period of several years by the national socioeconomic plan.";

9) following article 30, article 30a is added, worded:

- "Article 30a. In imports and exports of goods and services, with the exception of goods for which official prices are used in export and import settlements, settlements between purchasers and suppliers and foreign trade enterprises are carried out on the basis of prices paid to foreign partners or paid by foreign partners or in contract prices.";

10) in article 31:

a) following paragraph 3, paragraph 3a is added, worded:

- "3a. The reimbursement of custom duties and taxes referred to in paragraphs 1 and 2 does not apply to exports settled in official prices.";

b) paragraph 4 is worded:

"4. The minister of foreign trade specifies the guidelines and procedure for settlements referred to in paragraph 1.",

c) paragraph 5 is added, worded:

"5. The minister of finance, in cooperation with the minister of foreign trade, specifies the guidelines and procedure for the settlements referred to in paragraphs 2 and 3.";

11) following article 31, articles 31a and 31b are added, worded:

"Article 31a. 1. The minister of foreign trade is empowered to maintain a compensatory account of foreign trade.

2. The compensatory account may be replenished by a budget up to the level of funds envisaged by the state budget for that purpose. The remainder of the funds on the compensatory account is settled for with the state budget at the end of the year.

3. The ministers of finance and trade specify the guidelines for maintaining and settling the compensatory account.

Article 31b. The minister of foreign trade has at his disposal a reward fund set up with the budget moneys in order to stimulate financially activities in the sphere of foreign trade, especially the activization and efficiency of exports of goods and services.

2. The size of the reward fund is specified in each state budget in the chapter on the Ministry of Foreign Trade.";

12) article 33 is worded:

"Article 33. 1. Outlays associated with the operation of mandatory associations and the participation of enterprises in international organizations are included in the operating costs of enterprises. Outlays for the operation of voluntary associations come out of the profit for distribution of enterprises.

2. If separate regulations do not state otherwise, associations set up the following funds:

1) the statutory fund commensurate with the net value of fixed assets and intangible and legal assets,

- 2) enterprise social and housing funds, set up and used according to the guidelines specified in articles 17 and 18, paragraph 1 and 2.
3. If economic activity for the associated enterprises is carried out within the framework of an association, financial accounting for such activity should be kept separately.";

13) in article 34:

- a) paragraph 2 is deleted,
- b) paragraph 3 is worded:

"3. Enterprises can receive a subsidy from the budget in the amount stated in the law on budget.";

14) in article 38:

- a) the previous content of the article is designated paragraph 1; in that paragraph, point 7 is deleted,
- b) paragraph 2 is added, worded:

"2. The Council of Ministers will adapt the regulations of the law to the peculiarities of small state enterprises.";

15) in article 39, following the words "finances of enterprises" the words "and their associations" are added;

16) article 41 is worded:

"Article 41. 1. Amortization deductions on fixed assets, intangible and legal assets, except as provided by paragraph 2, are subject to sharing:

- 1) in enterprises where a superior or central organ of state administration is the founding body--between the enterprise and the central budget,
 - 2) in enterprises where a territorial organ of state administration is the founding body--between the enterprise and the centralized amortization account set up by a province-level territorial organ of state administration.
2. Amortization deductions on fixed, intangible and legal assets created after 1 January 1984 and financed entirely by enterprises' own funds are not subject to sharing referred to in paragraph 1.

3. The percentage rate of amortization deductions contributed to the central budget or to the centralized account referred to in paragraph 1 point 2 is specified in the national socioeconomic plan and, in the years 1984 and 1985, in annual central plans.
4. For the duration of repayment of bank loans used for financing investment projects started before 1984 the amount of amortization deductions to the development fund cannot be smaller than the amount of amortization deductions on fixed, intangible and legal assets accruing to the enterprise as a result of this investment.
5. The provisions of paragraphs 1 and 2 do not apply to amortization deductions on fixed assets commissioned before the completion of an investment project, referred to in paragraph 4.
6. Amortization deductions contributed:
 - 1) to the central budget--are allocated specifically to finance centralized investment and to repay bank loans used to finance such investment; they can also be allocated for deposits in the National Bank of Poland,
 - 2) to the centralized amortization account referred to in paragraph 1 point 2--are allocated to financing investment projects undertaken on the basis of decisions of territorial organs of state administration and to aiding the investment projects of enterprises of which the territorial organ of state administration is the founding body.
7. The Council of Ministers can reduce the percentage rate of amortization deductions which are to be contributed to the budget by the enterprises referred to in paragraph 1 point 1. For the enterprises referred to in paragraph 1 point 2 the proper province-level national council makes decisions on reducing the percentage rates of deductions which are to be contributed to the centralized account.";

17) article 42 is worded:

"Article 42. In the years 1984 and 1985, the size of deductions for the fund of technical and economic progress as well as the percentage rate of receipts of this fund which are to be transferred to the Central Fund of Technical and Economic Progress are specified in annual central plans.";

18) article 43 is worded:

"Article 43. Until separate regulations establishing guidelines for financing foreign trade in partnerships as well as cooperatives, social organizations and other units entitled to engage in foreign trade are issued, the minister of foreign trade can, with the consent of the minister of finance, extend the application of provisions of articles 31, 31a, and 31b to these units.";

19) following article 43, article 43a is added, worded:

"Article 43a. In the year 1984, outlays of enterprises associated with the functioning of voluntary associations are included in the operating costs of enterprises."

Article 4. In the law of 26 February 1982 on socioeconomic planning (DZIENNIK USTAW No 7, Item 51) article 33 is worded:

"Article 33.

1. The Council of Ministers is entitled to impose temporarily and specify the guidelines for rationing the turnover of raw materials, fuel and energy; materials and goods as well as rationing the sales of hard currency funds in the scope which might be necessary due to the occurring supply shortages.
2. After each year the rationing referred to in paragraph 1 remains in effect, the Council of Ministers presents to the Sejm a report on the results of rationing as well as a program of limiting the scope of its application."

Article 5. In the Banking Law of 26 February 1982 (DZIENNIK USTAW No 7, Item 56), article 95 is worded:

"Article 95. The Council of Ministers will specify the schedule and guidelines for separating the National Savings Bank from the National Bank of Poland and will set up within such time limit the National Savings Bank as an independent state bank."

Article 6. In the law of 21 July 1983 on specific legal regulations in the period of overcoming the socioeconomic crisis and on amendments to certain laws (DZIENNIK USTAW No 39, Item 176), article 11 is deleted.

Article 7.

1. The law of 28 December 1957 on deliveries, work and services to the state units (DZIENNIK USTAW 1958, No 3, Item 7) is invalidated.

2. By way of a decree, the Council of Ministers can impose the duty to award contracts for supplies, work and services to units of the nonsocialized economy by tender on state enterprises, partnerships in which the state treasury has a share, institutions and organizations receiving state subsidies as well as budgetary enterprises and units. The Council of Ministers will specify the guidelines and procedure for such bidding.

Article 8.

1. The minister of prices will announce the uniform text of the law on prices of 26 February 1982 in DZIENNIK USTAW, taking into account the changes resulting from regulations published before the day of publication of the uniform text and keeping the continuous numeration of articles, paragraphs and points.
2. The minister of finance will announce in DZIENNIK USTAW the uniform texts of:
 - 1) the law of 26 February 1982 on the finances of state enterprises,
 - 2) the law of 26 February 1982 on the taxation of units of socialized economy,

taking into account the changes resulting from regulations published before the day of publication of the uniform text and keeping the continuous numeration of articles, paragraphs and points.

Article 9. The law takes effect on 1 January 1984.

[signed] Chairman of the Council of State, H. Jablonski
 Secretary of the Council of State, J. Szymanek

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CSO: 2600/681

INSTITUTE SURVEYS FIRMS FOR VIEWS ON INVESTMENT CONSTRAINTS

Warsaw ZYCIE GOSPODARCZE in Polish No 1, 1 Jan 84 p 6

[Article by Joanna Kotowicz: "Depreciation"]

[Text] The third successive poll conducted by the Institute of the National Economy devoted to the functioning of enterprises in the conditions of the economic reform concentrated on an analysis of the widely understood developmental possibilities of economic units. The article presented below includes a fragment of the research concerning enterprise investments.

As in the previous year, the development activity of industrial enterprises in the first half of the 1983 concentrated on small and medium investment tasks of a renovation-modernization character. The average value estimation of those enterprise investments included by us in the investigation amounted to 28 million zlotys. A clear vitalization of activity of economic units in this area has been noticed globally, though there exists a divergence in the evaluation of the scale of this vitalization in relation to 1982, if one measures its value estimation of realized investments in comparison with the value of expenditures actually borne. The value estimation of investments realized by enterprises in the first half of the year considerably exceeded the value of tasks realized in the entire preceding year. However, the volume of expenditures actually borne last year amounted to only 6.6 percent of their value from 1982. This divergence has been caused to a large extent by disturbances in the realization process caused by the known difficulties in supply and in assuring investment execution.

As a side note, it is worth adding that in the face of the contractors' universally used practice of overstating prices, breaking contracts, and preferring less labor-intensive work, the investors have started to tie to negotiations the stipulated conditions of an "arbitrator," whose role is undertaken by the service cooperatives. They make a quantity survey of the planned work and its pricing, taking for services performed a payment in the amount of 1 percent of the value estimation of the planned investment. The prepared appraisal becomes for the investor the basis for price negotiations with the contractor. This solution, although not universally used, constitutes, as it seems, a very interesting form of defense for the investor's position in his relations with the contractor-monopolist.

In the conditions of the so-called "difficult" investment credit, the basic source of investment financing for enterprises in the first half of 1983 was their own funds collected from the development fund. In the investigation 57 percent of the plants financed 100 percent of their investment activity from the development fund. In this group, among others, all the light industry enterprises researched can be found. Investment credit constituted, therefore, only a marginal, supplementary source of aid for their investments.

The degree of investment indebtedness from previous years is still very high. Among the investigated enterprises, 54 percent are burdened with payments of outstanding credits covered by means collected from the development fund. An analysis of the administration of this fund indicates that the average proportions of its distribution for investment and the financing of working capital amount to 57 percent and 43 percent, respectively. Less than 1 percent of the enterprises appropriate the whole of the development fund exclusively for investment purposes. A part of the plants (around 25 percent) collect idle capital for the development fund in bank accounts marked for future investment outlays. It is worth adding, however, that instances of obligation takeovers of these means by banks for the financing of the working capital of the enterprises have been noted.

Foreign currency resources, collected on accounts of foreign currency deductions [ROD], have become to an ever greater degree an important source of financial aid for enterprise investments. In the examined corporate body, 30 percent of the units continually finance imported investment purchases from this source, while several of them cover 100 percent of the cost of these purchases with foreign currency means from ROD.

From the point of view of the needs of the central plan, observations concerning the prospects of the planning of enterprise development processes, and the substantive contents of the assumptions of these plans, seem essential. Research indicates that a decided majority of the plants (80 percent of those researched) have at their disposal medium- and long-term (to 1990) investment programs. It should be emphasized that the assumptions of these programs are formulated carefully and adapted to the realistic possibilities of their realization. From the factual point of view, they concentrate mainly on renovation-modernization projects (60 percent). Only seven of the plants researched are planning to undertake new development tasks before 1990. Multi-year plans and investment programs are built, besides, on the basis of anticipated resources for their financing, to a large extent by their own means collected in a development fund. Only 15 percent of the plants researched intend to apply for supplementary investment credit.

The development plans of enterprises included in medium- and long-term programs worked out by them constitute an important source of information for the formulation of assumptions concerning the estimated volumes of source capital for enterprise investments included in the medium- and long-range central plan. From them it ensues that during the next few years they will mainly be directed toward the renovation of presently owned machinery, for maintenance of the continuity of present production and for modernization activity, not for new investment construction provided for by outside financial means.

The most unsettling phenomenon appearing presently in the development sphere of the researched industrial and construction enterprises is the advancing depreciation of their production assets. This is a question of lowering the value of these assets as a result of not covering, through capital repairs and new investments, the current decline in fixed assets. This phenomenon is observed in almost all of the investigated enterprises, that is, in 90.5 percent of the plants. The scale of the menace is rather diverse. In the majority of enterprises which invested intensively during the 1970's, the menace of depreciation is very serious because of a lack of foreign currency means for renovation of imported equipment. This concerns the investigated plants of the machine industry, construction, the chemical industry, light industry and the metal industry. In other enterprises the degree of depreciation is evaluated as "still not great," defining it as a "beginning process" or "gradually intensifying."

In general, it is possible to state that this phenomenon is common and concerns to a large degree the researched enterprises of light industry, the so-called "old metallurgy," the chemical industry and construction. Among the five enterprises in which it was stated that depreciation of assets is still not a dangerous process, two foresee the appearance of this threat in the course of 2 or 3 years, because of keeping to the obligatory rules, or those proposed for 1984, on the division of amortization and the present means for the utilization of machinery. The process of depreciation concerns production assets in all of their elements. In the majority of plants (89 percent), it mainly concerns machinery, equipment and means of transportation.

In many of the enterprises, the main barrier to maintaining the production level and its further intensification is the excessive use of structures and buildings which have been utilized for decades. This process can be observed above all in enterprises of light industry and the chemical industry. However, in the researched construction enterprises, depreciation threatens above all heavy construction and transportation equipment. Depreciation concerns both old assets (pre-1970) and production assets from the 1970's, mainly in enterprises of light industry, construction, and the chemical industry.

The poor technical state of assets causes an increased rate of machinery breakdown, halts in production, increase in energy consumption, increased frequency of repairs, a drop in work effectiveness and a lowering of its quality. The presence of the above phenomenon was indicated in 67 percent of the enterprises researched. In the rubber industry, for example, detailed information indicates that depreciation of assets causes a 10 percent increase in the rate of equipment breakdown, 20 percent in material consumption, and 20 percent in energy consumption. This situation often forces enterprises to avoid starting up more difficult and less remunerative technologies. Next to the shortage of personnel, this stands as the primary barrier to maintaining work continuity, its intensification and improvement of quality.

In 10 of the researched plants, the negative influence of the depreciation of assets was not noted. The maintenance of the production rate with the high degree of use is carried out in these enterprises with the cost of an increased frequency of routine repairs. In one of the metallurgical plants of the group

discussed, the part of repairs in the costs of the processed product amounted to up to 50 percent.

The basic obstacle to preventing depreciation of production assets is the lack of financial means for renovation purposes. This indicates an insufficiency in enterprises of amortization means, as well as a foreign currency shortage for buying imported machinery and equipment. Light industry, food industry, and construction enterprises, among others, draw attention to this last element. However, 26 percent of the enterprises indicated the lack of means for the material coverage of the reconstruction processes as a reason of outstanding importance.

Let us stop for a moment, however, at the first of the elements mentioned, that is, the insufficiency of financial means. Among the 54 enterprises investigated, 41 percent indicated an insufficient coverage of renovation needs by their own means from the remainders in the enterprise of the amortization deductions (and deductions for profit). The degree of coverage of these needs are estimated at a level of 10 to 30 percent in 11 of the enterprises. Two plants set the degree at a higher level, that is, 75 to 80 percent. The remaining define the coverage of reconstruction needs by their own means at a level of 40 to 60 percent. Only nine of the enterprises researched possess the possibility of financing the costs of reconstruction of production assets by their own means, and two of them (from the food industry) have at their disposal the whole 100 percent amortization deduction. However--and this is essential--in enterprises of this group, which fully finance the costs of restitution by their own means, the plans for reconstruction activity are very modest, formulated on a very low level. One cannot, then, talk about the possibility of satisfying their renovation needs or about realistic, careful planning adapted to actual possibilities for reconstruction processes. Financial difficulties intensify the demand for obligatory financing by the bank of working capital from means free at the moment or purposely collected for investment purposes.

In the opinion of the researched enterprises, cost reduction of production assets and updated value of amortization deductions only increase in a very small degree the possibility of reconstruction of production assets. Ninety-two percent of the plants expressed the opinion that this will not delay the processes of depreciation. This opinion was drastically formulated in one of the enterprises by stating that this step can result only in maintaining assets but not keeping them at full technical capability. The advancing inflationary increase in prices of investment goods offsets--as it is foreseen--this open source of replenishment of one's own means. This argument is put forth mainly by construction enterprises. As a side note, it is worth adding that the research conducted demonstrated that freezing the prices of investment goods until the end of the year often remained only a formal notation. The respondents point out the advancing, uncontrolled increase of these prices. One can also meet with the opinion that the cost reductions of assets are done too late and on too small a scale in relation to the actual needs of the enterprise. With a 50 to 70 percent degree of amortization of assets, the proposed replenishment of the development fund by additional financial means constituting 25 percent of the value of the amortization deductions cannot protect it from depreciation.

Over 90 percent of the enterprises researched agree that in order to top the process of the excessive drop in the value of production assets and their excessive decline, it is necessary to leave at their disposal the whole of the amortization deductions. This postulate, submitted from the "microeconomic position," requires a short commentary referring to theses already formulated in the previous stages of the research. It is possible to present them with great brevity in two statements:

--The task of economic policy is to give to the process of the consumption of assets the character of "steered depreciation," that is, subordinated to guiding preferences resulting from a long-term program of reorganization of production assets and development of the national economy.

--The differentiation of amortization deductions in keeping with the above-mentioned preferences can become an active instrument in the choice of allocation directions; 100 percent of the amortization deductions ought to remain in the preferred areas of production, though in the remaining areas the division of amortization between the enterprise and the budget would be kept.

Under conditions of deep imbalance, the use of the differentiated amortization deductions can be an active instrument for the realization of the preferred allocation directions and the restructuring of the economy, under the condition, however, that such preferences will be worked out in a long-term program for the development of the national economy. At present, work on a multi-year plan is in the phase of introductory preparations. Working out the desired directions of structural changes in the economy and writing them into a multi-year program of development will follow only after some time. It seems, then, that until these preferences are defined, in the face of the fiercely advancing depreciation of production assets, a change in the proportions of the division of the amortization between the budget and the enterprise is fundamental and necessary. It is a question, of course, of increasing the part kept by the enterprise, for example, to 70 percent. At the same time, full deductions ought to be left to the producers in indisputably preferred production directions, with a view to satisfying basic social needs or removing production bottlenecks.

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CS0: 2600/717

BRIEFS

PROGRESS OF 'POLICE II' CHEMICAL COMPLEX--During the night of 15-16 March the first production run went into service at the "Police II" ammonia plant, the new large-scale capital project of the Polish chemical industry. It is expected that this year this plant will supply 90,000 tons of the ammonia needed to make fertilizers. The ultimate output capacity of this production run will come to 250,000 tons per annum. The ammonia plant will consist of two production runs, each with an ultimate output capacity of 250,000 tons. The second run is now in the process of having its machinery geared up to go into operation. Before the first run of the new ammonia plant could be started up, work had to be completed on some other auxiliary capital installations that make up the "Police II" plant, installations on which the operation of the plant as a whole depends. The thermal power plant was one of these installations which had to be put into operation. We should add that other new "Police II" production plants are going up, e.g., plants manufacturing urea, sulfuric acid, phosphoric acid, complete fertilizers, and so on. The new installation, which is highly specialized in nature, was fitted out with advanced equipment and assemblies. Its operations are on par with the state-of-the-art technology. All of this goes to make sure that the environment is effectively safeguarded. The same will hold true for the other production plants that make up the "Police II" complex. The ammonia plant was built and put into service under difficult conditions, since in the wake of the sanctions campaign French specialists quit the construction project. In spite of pessimistic claims of the effect that the completion of the construction work would take much longer, Poles proved that they can do just as good a job as the best specialists. [Text] [Warsaw RZECZPOSPOLITA in Polish 17-18 Mar 84 p 2]

CSO: 2600/822

EFFORTS TO INCREASE SUPPLY OF ENERGY, MINERALS

Bucharest MAGAZIN in Romanian 10 Mar 84 p 3

[Interview with Engr Valeriu Coman, director of the Enterprise for Geological and Geophysical Prospecting, geologist Engr Daniel Badoiu, deputy director, and geologist Dr Oprea Dicea, chief engineer, at the enterprise, by Ion Tugui: "Complex Geological Prospecting for Expanding the Base of Mineral and Energy-Bearing Raw Materials"; date not given]

[Text] Within the extensive process, which involves our whole populace, for carrying out the Program for Forging the Multilaterally Developed Socialist Society and Advancing Romania Toward Communism, in accordance with the tasks that result from the Directives of the 12th Party Congress Regarding Romania's Economic and Social Development in the 1981-1985 5-Year Period and the Long-Term Orientations up to 1990, the activity of geological research has the high duty of helping as much as possible to expand the base of mineral and energy-bearing raw materials by discovering and harnessing new resources. To this end, the necessary funds and technical-material base have been provided for the activity of prospecting, which represents the primary component in practical implementation--seeking to define economic objectives--of the results of the scientific research within the system of geological investigation formed of the triangle of scientific research, prospecting and exploration.

The Enterprise for Geological and Geophysical Prospecting--where we are doing this page--is a unit specializing in the performance of work of complex prospecting (through geological, geochemical, geophysical, hydrogeological and geotechnical methods), mining and drilling work, work of geodesy and topography, laboratory analyses, determinations and studies and geological studies and syntheses for all categories of useful mineral substances. This enterprise performs its activity throughout the country, it being involved, at present, in work of geological investigation that is being done in 39 of the 41 counties.

Our interviewees, Engr Valeriu Coman, the director of the enterprise, geologist Engr Daniel Badoiu, deputy director, and geologist Dr Oprea Dicea, chief engineer, answered our questions about complex geological prospecting.

[Tugui] In view of the fact that the technical possibilities of geological research have gone beyond the limits of direct investigations and thus of the discovery of useful mineral substances by purely geological means, the problem of supplementing the geological information obtained through direct observations with additional data, obtained through methods of complex investigation, has been posed with greater acuteness.

[Question] Why was it necessary for a new concept, that of complex prospecting, to be imposed in geology?

[Answer] The objective necessities led to the generalization of complex prospecting based on interdisciplinary collaboration of the geological, geochemical and geophysical methods of investigation, which became necessary as a result of the possibilities of resolving the different groups of phenomena in the regions of interference of the sciences connected with studying the earth. To them was added cybernetics, with systems of automatic data processing, which, through the phenomenological modeling and simulation that it facilitates, is opening up still hard-to-evaluate prospects for the research activity. Complex investigation, using all the methods that we possess and for all types of useful mineral substances, which, in fact, was the basis of the organization of the geological research activity, in accordance with the instructions of the higher party leadership and, personally, Comrade Nicolae Ceausescu, represents the type of prospecting utilized in all the units of the Ministry of Geology, through which the aim is to simultaneously work out all the research problems. To this end, there are being and have been created the conditions needed for continually performing the different activities of geological investigation throughout the year, in order to shorten the research period to the utmost, and for introducing as many accumulations of useful mineral substances as possible into the utilization circuit. The complex geological investigation practiced on a wide scale by our enterprise represents a group of methods based on direct observation and direct and indirect measurements--of the physicochemical, qualitative and quantitative parameters characteristic of the different types of mineral accumulations, as well as of the formations in which they are located--for the purpose of tracing interesting deposits from an economic viewpoint, which substantiates the continuation of the research in the exploration phase. In order to be able to cope with the tasks that devolve upon us in prospecting for new, usable accumulations of hydrocarbons, metalliferous and nonmetalliferous substances and so on, the enterprise's organization is based on work brigades and formations specialized according to fields and methods and on the combination of them within brigades for complex prospecting, depending on the specificity of the research problems. The long-term programs for long periods, prepared in correlation with the degree of knowledge achieved and the topics of the scientific research activity, are the basis for performing the activity. Clearly, we are equipped with modern apparatus and work techniques, on a par with those existing on a world level, which facilitate the complex approach, through numerous and diverse investigations and methods, to the problems specific to the

different fields of geological research. The majority of the equipment and apparatus are characterized by high productivity, accuracy of information, high technicality and complexity and a very advanced degree of specialization. Obviously, for servicing and operating them, specialists in the fields of mathematics, physics, chemistry and biology, which impart the character of integrated interdisciplinary research to the prospecting activity, also participate in addition to the geological, geochemical and geophysical specialists.

Question A decisive role goes to prospecting for hydrocarbons. What does this really mean?

Answer In fact, prospecting for hydrocarbons is done exclusively by our enterprise on the territory of the whole country, especially through the seismic method, it being equipped for this with apparatus for investigation and data processing on a par with world technology, a fact that puts our country among the countries with great experience and a high technical level in the field of geological research. Through the geological and geophysical methods utilized in prospecting for hydrocarbons, the enterprise detects year by year new structures with prospects of hydrocarbons, in all areas of the country, both on dry land and on the continental shelf of the Black Sea. The data recorded in the field are processed with specialized programs in the enterprise's computer center, which is equipped with a complex system, on a par with the highest, in terms of performance, on a world level. The processing programs are worked out by our specialists in a continual process of adaptation and improvement, dictated by the necessity of utilizing to the utmost the information contained in the recordings made in the field. The interpretation of the processed material is done by integrated staffs of geophysicists, geologists and analysts in a continual dialogue with the computer center. The regions of interest that appear through the process of interpretation, materialized in the form of structures of different types, are included in drafts that substantiate the drilling programs carried out by the Ministry of Geology and the Ministry of Petroleum, ultimately concretized in the discovery of new deposits of hydrocarbons.

Question Can you offer us a few concrete data on prospecting for hydrocarbons?

Answer In 1983, for instance, the activity of prospecting for hydrocarbons was done in the most favorable areas for discovering new structures with prospects on the Moesian Platform (the Romanian Plain), in the Eastern and Southern Carpathians (the mountainous and hilly area with sedimentary rocks), in the Pannonian Depression (the Western Plain), in the Transylvanian Depression (Basin) and on the continental shelf of the Black Sea. The results obtained were concretized in the detection of 52 new structures with prospects of hydrocarbons, on which 40 wells have been projected thus far, and in the areas known as productive, another 60 structures, on which the projection of over 160 prospecting and exploration wells has been substantiated, were prepared through the earlier work. At the same time, indications of hydrocarbons were detected in 18 wells, which, after their confirmation, through the production tests, will help to increase the supply of recoverable reserves. In all phases of execution and prospecting we applied new concepts and working technologies devised, developed or adapted in our enterprise.

Multiple coverage of a higher order, weighted groupings of holes and receivers, and the generation of seismic waves by means of vibrators or explosive cord or with small amounts of dynamite in shallow holes were generalized in the recording of seismic data. In the processing, new programs of corrections, of migration and of analysis of the seismic traces were introduced, which helped to utilize better the information contained in the seismic field recordings. In the interpretation, the analysis of the configuration's reflections and the relationships between the packets of seismic reflections was deepened, thus increasing the possibilities of detecting and tracing the stratigraphic and lithological structures.

Question What does the work program provide for 1984?

Answer For 1984, in the hydrocarbon activity, the enterprise's program of prospecting work provides the examination of areas still unexamined or less examined thus far in all areas of the country with prospects of hydrocarbons, with an accent being put on examining the formations located at great depths or in areas with a complicated structure. The activity of processing, interpretation and utilization of the data in order to continually ensure the substantiation of new exploration wells that would contribute to the discovery of new deposits of hydrocarbons for the national economy is continuing along with the work that is being done in the field. For solid useful mineral substances and water, the complex prospecting that we are doing throughout the territory, with the maximum concentration of the forces that we possess in the Southern Carpathians and Dobruja, thus responding to the orientations and instructions given by Comrade Nicolae Ceausescu, is taking place on the basis of the more and more extensive integration of the geological, geophysical, electromagnetic, magnetometric, radiometric, gravimetric, seismic, geochemical-pedogeochemical, lithogeochemical, geobotanical-hydrogeological and geothermal methods. Extensive programs of systematic research through complex prospecting, which also includes investigation with mining and drilling work in the Leaota Mountains, Fagaras, Vrancea and Dobruja, where the results have not been slow in appearing, have been drawn up and begun. Working under conditions of isolation, in areas with very rugged terrain and geological structures of the most complicated sort, and performing activities of true pioneering in many cases, our specialists have demonstrated their great capacity for work, their innovative spirit, their conscious and responsible involvement in fulfilling the tasks that devolve upon us along the line of expanding the base of raw materials, by meeting the national economy's needs from our own resources to as great an extent as possible.

Tugui In the above, we covered only part of the stated topic. We will bring up other aspects on another occasion.

12105
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TIME FRAMES FOR MEDIUM- AND LONG-TERM DEVELOPMENT PLANS

Belgrade BORBA in Serbo-Croatian 2 Mar 84 p 3

[Excerpt] According to the program of work on preparing and enacting the Social Plan of Yugoslavia for 1986-1990 which has been submitted to the SFRY Assembly, the proposal of this [medium-term] developmental document should be completed by 31 October 1985. The draft should be in the Assembly by the end of May 1985, while the proposal for the basic guidelines and scope of economic policy for the next medium-term period should be finished by mid-June. The schedule for enacting the specific areas has been fixed even up to the year 2000. The proposal for the long-term plan [to 1995 and beyond] is expected by the end of November this year [1984], and delegates in the Yugoslav Assembly would begin discussing the draft by the beginning of July [1984].

Of course, all these deadlines obligate also all ours, other self-management organizations and communities, and all sociopolitical communities, regarding the need for planning on all levels to be coordinated and inter-dependent. It is believed that in this way the greater influence of associated labor would be assured in the economic and social development of the country, as well as a higher level of coordination between republic and provincial interests. This question is exceptionally significant considering the deep disruptions in social reproduction in the last several years and considering the deep disruptions in social reproduction in the last several years and considering the fact that the next medium-term plan should be a formulation of the second stage of the Long-Term Program of Stabilization and a way out of the present situation. There must therefore be continuous planning which adapts and changes points in the plan according to realistic social and economic trends.

The basic guidelines and scope of economic policy for the period 1986-1990 will be prepared on the basis of analytical materials and scientific research, as well as on the basis of guidelines which are issued in republics and provinces. This work, if the deadlines are met, would be completed by the end of this year, while some studies of long-term character would be continued in 1985.

The scientific research, projects and studies for formulating the long-term plan to 1995 and 2000 have largely been completed and the study on the concept of development of the country in this period should soon be finished. In issuing the long-term plan, consideration will be given to the obligations which have been undertaken in the social agreements on developing certain sectors. This refers, above all, to the agreement on the concept of long-term development of energy and the agreement on researching sources for new forms of energy.

FAMILY COST OF LIVING FOR 1982-1983 COMPARED

Belgrade PRIVRENDI PREGLED in Serbo-Croatian 9 Feb 84 pp 6-7

[Article by Tomislav Milisavljevic, MA]

[Excerpts] Official statistics constantly monitor and publish cost of living indices that, in fact, are indicators of changes in consumer prices for goods and services. As such, the cost of living index offers no information on the level, dynamics and structure of data on personal consumption (actual living costs in absolute terms). In fact, an expanded "body" of consumer goods and services is used as a basis for setting up this index.

This "body" includes articles and services that satisfy demands of the population at various income levels. It includes goods and services that predominate in the consumption of families with the lowest, as well as the highest incomes, from work in regular labor positions and other sources. Therefore, the cost of living index obtained through the expanded list of consumer goods and services and their prices represents a general indicator of the level and dynamics of prices, as determined by the level and structure of consumption by the population. The general index does not show changes in the level or structure of consumption.

From the standpoint of monitoring the population's living standard and predicting the absorption capacity of the domestic market for individual goods and services, we must also have certain absolute indices. That applies first of all to monetary incomes and expenditures of the population through which can be seen changes in purchasing power and the level and structure of consumption. Such indices can be provided only by questionnaires about family budgets, which are available to the broader public only with considerable delays. This factor points to the need for finding these indicators by using other methods, for that will make it possible to monitor changes in the level and structure of monetary transactions of the population for consumer goods and services, in shorter time.

This access to information is particularly significant under conditions of strong inflationary trends and rapid price increases that daily raise the absolute level of monetary transactions of the population, or more briefly, living costs, and cause changes in their structure. Absolute values for monetary transactions of the population obtained in this manner

can be compared to their income in the corresponding time period, thus making it possible to establish a single relative index that will show the degree to which current monetary incomes are sufficient to cover current expenditures for consumer necessities.

What Is Not Included in the Consumer List?

The PRIVREDNI PREGLED list for calculating living costs and setting an index of changes in personal consumption patterns encompasses 181 goods and 35 services (for a total of 216 articles and services). This list chiefly covers all the goods and services needed to satisfy the needs of a family of four members, with an average income. We also took into account the questionnaires on family budgets, in which questioned 4-member families had an average of 1.6 employed persons per family. In other words, in 80 percent of the cases both parents were employed or in 60 percent of the families a second parent works in addition to the first. That means that a significant portion of the income of Yugoslav households comes from permanent employment, so that we only compare these incomes to data on satisfying consumer needs.

Since we are talking about households with average incomes, we have adjusted the list of goods and services to correspond to that income level. Therefore, this list did not include products and services of a so-called higher standard, which are chiefly found in families with above-average incomes. Such products and services include higher quality cuts of meat and sausages, so-called "export" beverages and cigarettes, more comfortable apartments, color television sets, tape recorders and record players, refrigerators with deep-freeze compartments, luxury cosmetics, telephone, passenger cars, services for maintaining all these items, food and drinks in restaurants and the like.

Thus our point of departure was that the average family with four members is supported by the permanent regular employment of the father or mother, or in most cases, both parents. All consumers goods and services used by this family are purchased on the market at prices that are current for the given moment, which means that the possibility of subsistence consumption is excluded. The family eats at home. Articles and services are paid for in cash or received on credit. In other words, credit payments as expenses are included in the corresponding products or service groups.

It is presumed that, besides daily consumer items (food, beverages and the like), every month a portion of income is set aside for annual or even less frequent needs. This presumption permits us continually to monitor changes in the level and structure of the personal consumption data that occur under the influence of changes in the prices of goods and services used. On the other hand, the personal consumption data obtained in this way through the established list of products and services and their quantity, along with consideration of current prices, offer the possibility of monitoring changes in the purchasing power of average monthly family incomes, which inevitably affect both quantitative and qualitative changes in consumption. In other words, this approach offers us the possibility for continuous calculation of our index of changes in personal consumption.

Data From Absolute Level of Living Costs and the Index of Personal Consumption

Before turning to analysis of the results obtained, the absolute level of living costs and the index of personal consumption coefficient at the end of last year and the year before, it is essential to point out that the structure of consumption of our family at the start differed somewhat from the average structure of data for personal consumption for a family of four members as found in the questionnaire on family budgets in 1981. This difference was affected by two factors. First of all, the structure of personal consumption for a family of four in the 1981 questionnaire did not include expenditures of the household for credit and loans. In balancing available and utilized resources reported in the questionnaire, these expenditures were expressed as utilized resources, of which expenditures for personal consumption made up about 77 percent. The remainder of utilized resources included payment of credit and loans, expenditures for purchase or construction of housing and other real estate and savings.

In our approach, we included repayment of credits under expenditures for acquiring goods from corresponding product groups (chiefly in the categories of heating and lighting, home furnishings and clothing), since our starting hypothesis was that these goods were purchased either for cash or on credit. In addition, the structure of expenditures for personal consumption in the 1981 questionnaire also contained expenditures for purchase and maintenance of passenger cars, as well as certain other products that we did not include in our list. In fact, we regarded these to be expenditures that are included in consumer expenditures of higher income families. The consumption structure that we used included approximately the following categories: 41.1 percent for food, 5.3 percent for tobacco and beverages, 8.3 percent for clothing, 2.7 percent for footwear, 13.9 percent for housing, heating and lighting, 9.4 percent of home furnishings, 5.9 percent for education, culture and entertainment, 3.2 percent for health and personal hygiene and 9.9 percent for transportation, postal, telephone and telegraph services.

According to this structure of monetary expenditures, goods and services were selected and their quantities set as they figured in the consumption of our households.

Starting with the list of goods and services and their quantities as consumed by our family of four, as defined earlier, in December of 1982 total expenditures amounted to 28,188 dinars, if housing was heated by city central heating, 28,822 dinars if heated with coal and 29,494 dinars if heating oil was used. Considering the varying expenditures for housing, heating and lighting, depending on the manner of heating the apartment or other housing, there are variations in the structure of personal consumption expenditures.

In the most favorable case, when housing is heated by city central heating, expenditures for housing, heat and electricity constituted 12.9 percent of total expenditures, while all other groups totaled 87.1 percent. When coal is used for heating, these housing expenditures made up 14.8 percent,

while remaining expenditures amounted to 85.2 percent. Finally, where heating oil is used, expenditures for housing, heating and electricity constituted 16.8 percent of total expenditures, while other expenditures amounted to 83.2 percent. Depending on heating costs, expenditures for other categories varied. Thus, for example, the cost of food in the first case made up 43.4 percent of the total budget (with city heating), while with coal heating, food cost 42.9 percent of the total and with heating oil, 41.4 percent.

Absolute Level in Dinars and Structure of Living Costs (Percentage),
December 1982, 1983

ABSOLUTNI NIVO (U DINARIMA) I STRUKTURA TROŠKOVA ŽIVOTA (U PROCENTIMA) U DECEMBRU 1982. I 1983.								
1) troškovi u XII 1982. 1)				2) troškovi u XII 1983. 1)				
3) struktura u % 2)				4) struktura u % 2)				
5) u din.	I	II	III	6) u din.	I	II	III	
ISHRANA 7) 12.223	43,4	42,4	41,4	19.098	43,9	43,0	41,8	
DUVAN I PICE 8) 1.422	5,1	4,9	4,8	2.182	5,0	4,9	4,8	
DEČA 9) 2.604	9,2	9,0	8,8	3.758	8,6	8,5	8,2	
BUČA 10) 804	2,9	2,8	2,7	1.300	3,0	2,9	2,8	
POKUĆSTVO 11) 2.296	8,1	8,0	7,8	3.367	7,7	7,6	7,4	
OBRAZOVANJE, KULTURA I RAZONODA 12) 1.561	5,5	5,4	5,3	2.140	4,9	4,8	4,7	
HIGIJENA I ZDRAVLJE 13) 1.386	4,9	4,8	4,7	2.506	5,8	5,6	5,5	
SAOBRAĆAJ I PTT 14) 2.265	8,0	7,9	7,7	3.389	7,9	7,6	7,4	
STAN, OGREV I OSVETLJENJE 15)								
zagrevanje preko toplone 16) 3.640	12,9	—	—	5.760	13,2	—	—	
zagrevanje ugljem 17) 4.274	—	14,8	—	6.656	—	15,0	—	
zagrevanje kož-ujem 18) 17) 1.946	—	—	16,8	7.938	—	—	17,4	
UKUPNO 19)								
I pri grejanju preko toplone 20) 29.188	100	—	—	43.499	100	—	—	
II pri grejanju ugljem 21) 28.822	—	100	—	44.395	—	100	—	
III pri grejanju kož-ujem 22) 29.494	—	—	100	45.677	—	—	100	

Key:

1. Expenditures, December 1982¹
2. Expenditures, December 1983¹
3. Structure in %²
4. Structure in %²
5. In dinars
6. In dinars
7. Food
8. Tobacco and beverages

9. Clothing
10. Footwear
11. Housing
12. Education, culture, entertainment
13. Hygiene and health
14. Transportation, postal, telephone, telegraph services
15. Housing, heat, electricity
16. City central heating
17. Coal heating
18. Heating oil heating
19. TOTALS³
20. With city central heating
21. With coal heating
22. With heating oil

Notes:

1. According to estimates of selected articles and services monitored by the Federal Statistical Office.
2. I is when heating is provided by the central heating plant, II when coal and III when heating oil is used.
3. When electric heating was used, total expenses in December 1982 amounted to 28,998 dinars, with cost for housing, heating and electricity accounting for 4,449 dinars. Their share of total costs was 15.3 percent. In December 1982, [sic] when electric heating was used, total expenditures were 44,693 dinars and housing, heating and electricity costs were 6,954 dinars, or 15.6 percent. Where butane was used for heating, total expenditures were 28,459 dinars in December 1982, and 44,387 dinars in December 1983, with housing, heating and electricity costs of 13.7 and 15.0 percent, respectively.

For our list of articles and services in the same quantities, the absolute level of living costs using our methodological approach was 43,499 dinars in December 1983, if heating was from the city heating plant. Where coal was used for heating, costs reached 44,395, and with heating oil, the figure was 45,677 dinars. The share of housing, heating and electricity costs in the total was 13.2, 15.0 and 17.4 percent, respectively. Conversely, the share of other expenses in the totals fell to 85.8, 85.0 and 82.6 percent, respectively. Food costs were 43.9, 43.0 and 41.8 percent of total expenditures, respectively.

Compared to December 1982, last year's December structure of personal consumption expenditures were changed more markedly. The share of food costs in the totals grew, as did those for hygiene and health care, and housing, heating and electricity, at the expense of all other categories. This change in expenditure structure is exclusively the consequence of uneven growth in the prices of consumer goods and services. Precisely in groups whose share of the total expenditures increased during 1983, prices rose the most. Thus in the 60.1 percent increase in living costs (December 1982 to December 1983), food costs rose 63.2 percent, hygiene and health care goods and

services increased 77.4 percent and heating and electricity grew by 64.4 percent. These are precisely the groups in which consumption is not very flexible relative to prices, for goods and services in these groups must be purchased in necessary amounts regardless of consumer wishes and the current prices. As real purchasing power declines for the current monetary income of the population, large price changes for articles and services in these groups cause shifts in the prices of articles and services in the structure of personal consumption. Increasingly fewer resources remain for goods and services of other groups, while within the framework of these groups themselves (food, heating and electricity, hygiene and health care), restructuring of consumption occurs through a shift to articles of poorer quality with lower prices. That is taking place at present.

In order to obtain a more complete picture of living costs and structure of consumption, it is essential to consider the income of the Yugoslav population. In explaining our methodology, we asserted that our list of goods and services was structured for the average income of regularly employed family members. Thus to establish these income levels, we will begin with the average net personal income per worker paid in December 1982. Since official statistics have not yet been published for December 1983, we have estimated them on the basis of statistical data for October and trends that emerged in October and in the first 6 months of last year. Thus we reached the conclusion that net personal income per employee in the public sector in December 1983 amounted to 19,855 dinars, compared to 14,284 in the same month of 1982. If we multiply these average personal income figures by a factor of 1.6, since the questionnaire on family budgets indicated an average 1.6 workers per family of four, we will see that the income of our regularly employed family amounted to 22,854 dinars in December 1982, and 31,768 dinars in December 1983.

Comparison of income and expenditures, or the absolute level of living costs, allows us to establish that our households had the following shortage of income/expenditures:

	December 1982		December 1983	
	Personal	in dinars	Personal	in
	income %		income %	dinars
I Total expenses with central heating	0.81	5,334	0.73	11,731
II Total expenses, coal heating	0.79	5,968	0.72	12,627
III Total expenses, heating oil htg	0.77	6,640	0.70	13,909

Table 2: Net Personal Income Per Worker and per 1.6 Employee per Family, and Index of Changes in Personal Consumption

	1) Čist l.d. po red. u dln. čit l. d. za 1,6 zap				2) Indikator promene lične potrošnje (ILP)					
	XII 1982.		XII 1983 ¹⁾		XII 1982. 2)			XII 1983. 2)		
					I	II	III	I	II	III
UKUPNO 3)	14.284	19.855	31.768	0.81	0.79	0.77	0.77	0.73	0.72	0.70
Privreda 4)	13.900	19.474	31.150	0.79	0.77	0.75	0.75	0.72	0.70	0.68
Neprivreda 5)	16.289	21.795	34.872	0.92	0.90	0.88	0.88	0.80	0.78	0.76
Indust. i rud. 6)	13.896	19.718	31.549	0.79	0.77	0.75	0.75	0.73	0.71	0.69
Polj. i ribarstvo 7)	13.722	18.662	29.559	0.78	0.76	0.74	0.74	0.69	0.67	0.65
Sumarstvo 8)	13.905	20.023	32.037	0.79	0.77	0.75	0.75	0.74	0.72	0.70
Vodoprivreda 9)	13.534	19.475	31.160	0.77	0.75	0.73	0.73	0.72	0.70	0.68
Gradjevinarstvo 10)	12.475	16.842	26.947	0.71	0.69	0.68	0.68	0.62	0.61	0.59
Saobraćaj i veze 11)	14.832	20.438	33.701	0.84	0.82	0.80	0.80	0.75	0.74	0.72
Trgovina 12)	13.749	19.909	31.854	0.78	0.76	0.75	0.75	0.73	0.72	0.70
Ugost. i turizam 13)	12.545	17.124	27.398	0.69	0.67	0.66	0.66	0.63	0.62	0.60
Zanatsvo 14)	14.753	20.580	32.928	0.84	0.82	0.80	0.80	0.76	0.74	0.72
Štam. i kom. del. 15)	13.680	18.637	29.877	0.78	0.76	0.74	0.74	0.69	0.67	0.65
Finans. i dr. usl. 16)	17.882	24.498	39.197	1.02	0.99	0.97	0.97	0.90	0.88	0.86
Obraz. i kultura 17)	17.106	23.179	37.086	0.97	0.95	0.93	0.93	0.85	0.84	0.81
Zdrav. i soc. zašt. 18)	14.762	19.929	31.886	0.84	0.82	0.80	0.80	0.73	0.72	0.70
DPZ i DPO 19)	17.091	22.697	36.315	0.97	0.95	0.93	0.93	0.83	0.82	0.80

Key:

1. Net Personal Income per Worker, NPI per 1.6 Employed
2. Index of change in consumption per capita
3. TOTAL
 11. Transport and communications
 12. Commerce
4. Economy
 13. Innkeeping and tourism
 14. Trades
5. Non-Economic activities
 15. Housing and communal activities
 16. Finance and social services
6. Industry and mining
 17. Education and culture
7. Agriculture and fishing
 18. Health and social security
8. Forestry
9. Water economy
10. Construction
19. State political community and state political organizations

Notes:

1. The average net personal income per employee for December 1983 is estimated on the basis of data in the Communication of the Federal Statistical Office for October 1983.
2. The index of changes in personal consumption is for families with city central heating under I; for those with coal heating under II and for those with heating oil, under III.

By comparing the ratio of family income to total expenditures for consumer goods and services, we obtain our index of changes in personal consumption. In the most favorable of situations relative to expenditures (heating with central heating), the index for 0.81 in December 1982 and 0.73 in December 1983. That means that in those months the difference between income and expenditures was 19 percent (in December 1982) and 27 percent a year later. With the least favorable expenses (heating with heating oil), the index was 0.77 in December 1982 and 0.70 in December 1983, meaning that our family missed expenses by 23 percent in 1982 and by 30 percent in December of last year.

Considering the significant differences that exist in average personal income in various occupations and branches of the economy, it is interesting to note what our personal income index shows in such situations. At this time we will restrict ourselves to economic activity only. (We will present an analytical review of the index of changes in personal consumption by branches in a coming issue of PRIVREDNI PREGLED.)

Our index points out the great differences in purchasing power of the families considered, depending on the occupations pursued by employed family members. Thus, for example, in December 1983 average incomes of families where those employed worked in the construction industry covered expenditures for our list of goods and services by only 62 percent if heating came from city central heating; incomes were lower than expenditures by 38 percent. Families with workers in innkeeping and tourism were in a similar situation, with income covering only 63 percent of expenditures. In contrast to these activities, when family members worked in financial and other service occupations, they covered 90 percent of expenditures with their income leaving a shortage of only 10 percent.

Here we should note immediately that this difference between expenditures and income in our households means that in December of 1982 and 1983, the income side of the ledger was short the indicated percentages needed to purchase the goods and services in the quantities approximated under the income and purchasing power circumstances that held true in 1981, with the presupposition that such acquisition be achieved at the prices in effect during those 2 months. In real life, such cash "shortages" cannot occur, for all purchased goods and services are paid for immediately, either with cash or credit. Otherwise, purchasing power dictates the amounts of goods and services purchased for those purposes. If available money is insufficient to cover acquisition of the established list of personal consumption articles and services, then processes of selecting goods and services to be acquired are put into effect.

Certainly, in these conditions some goods are purchased with greater elasticity relative to income and prices than others; these include durable consumer goods, clothing, footwear, etc. That means that under these circumstances, quantitative and qualitative changes occur in the structure of consumption. Such changes should be differentiated from changes in the structure of nominal expenditures for goods and services in individual groups that result in circumstances of uneven domestic price increases, especially when the real purchasing power of monetary income does not decrease. These quantitative and qualitative changes in the structure of consumption by the population are particularly noticeable under current conditions, when we are encountering a sharper decrease in the real purchasing power of the monetary income of the population as well as high or unequal price increases for individual groups of products and services for personal consumption. Our index of personal consumption expresses these changes in consumption structure very well, so that we have labeled it the index of changes in personal consumption.

Changes in Personal Consumption Take Place More Slowly Than Real Decline in Personal Income

In our circumstances, these quantitative and qualitative changes in personal consumption develop more slowly than should be the case from the intensity of the decline in real personal income, of the purchasing power of wages. That is best confirmed by data from last year. Specifically, available statistics for the first 11 months of 1983 show that the real purchasing power of total personal income paid declined by about 8 percent, while the physical volume of retail trade, which largely supplies consumer needs, fell by only about 3 percent. That means that the personal consumption of the population as a whole fell less than did the real purchasing power of their current monetary income. On the other hand, that also means that qualitative changes in the structure of personal consumption were of lesser intensity than they would have appeared to be at first glance.

The question is raised as to what manner is used to "compensate" the population for its reduced purchasing power. First of all, it can be said with confidence that that is achieved by using savings, since a steadily shrinking amount is set aside for that purpose from current income, and increasingly amounts of previously saved money are being withdrawn. Another exceptionally important means for sustaining goods purchases, or holding its decline to less than should be expected, is redistribution or transfer of income within the population itself. This is done through unofficial or unregistered, but quite widespread, "little economy." This includes craft and other services that are wholly done by "specialists" who are already employed in definite occupations. The best examples are the private mechanics who maintain passenger cars and agricultural machinery, the technicians who repair appliances and the craftsmen who do bricklaying, painting and decorating and other trade services.

Provision of such services permits a significant portion of the population to transfer their financial expenses from one hand to the other, chiefly by earning money from the higher income portion of the population. Here we should immediately note in passing that this form of redistribution is harmful in two ways, for it reduces the interest of the providers of services in performing tasks and jobs assigned them in their labor organizations, while on the other hand, this manner of gaining income is outside the tax structure, so that budgets are reduced by significant amounts of income. This also reduces the opportunities for new employment. It is chiefly the result of ignoring the development of such economic pursuits and of an ineffective tax system that is directed more toward "certain" incomes, even if they are in activities from which a part of the profit is taken in a manner that suppresses development and production (for example, current announcements of taxation of livestock production).

The population also protects itself from the powerful blows of inflation in other ways, such as through the acquisition of certain types of products at times when those prices are lower, and, as with fruits, vegetables and meats, by canning and freezing for later use, when prices are higher. People also rely on small gardens that provide a part of needed agricultural products, so that those products need not be purchased at the market.

These are just a few of the means used, without mentioning illegal activities or ones bordering on crime, which compensate for that which is taken away by inflation.

12131

CSO: 2800/216

FOREIGN EXCHANGE TO IMPORT GOODS IN SHORT SUPPLY

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 29 Feb 84 p 6

[Article by M. Stojic: "More Responsible Discharge of Obligations"]

[Text] A social contract on provision of foreign exchange for imports of products of particular interest for market supply. Prolonged shortages in some regions have caused dissatisfaction among workers. The introduction of coupons and cards for purchase of individual products has not yielded the expected results. The social contract for 1984 assures greater possibility of more regular supply.

Enactment of the new foreign exchange law and shutting down the foreign exchange market have not led to solution of the problem of providing foreign exchange for imports of consumer goods, and especially products for which there has been a pronounced shortage that it has not been possible to make up by means of domestic production. In this situation the level of supply of the domestic market dropped sharply, flows of goods were interrupted and markets were confined within regional boundaries, and other negative phenomena occurred which have impaired the unity of the Yugoslav market. The shortage of goods of vital interest to the population has become increasingly acute, something which has also caused political dissatisfaction among workers and citizens. Supply of the domestic market has been under the jurisdiction of the republics and provinces, which have tried to secure the most essential amounts of foreign exchange for imports of goods which the production and consumption balance sheets have shown to be in short supply. On the initiative of Croatia, in 1981 a social contract was concluded on supplying the domestic market with individual products of vital importance in maintaining the standard of living of the people. A similar contract was also signed for 1982. However, because of the well-known balance of payments situation of the country and the different approach adopted by the individual republics and provinces to the question of securing foreign exchange for imports of products in short supply, the market situation in the country deteriorated to the point that the individual sociopolitical collectives began to introduce coupons and cards for sale of some products to citizens. But this supply method as well failed to yield the expected results, since it was not possible to provide corresponding stocks of these goods for the coupons issued, and the market continued not to be supplied with some products

for a period of several months. Under these conditions the shortage psychosis intensified, inducing many citizens to begin buying to build up long-term stocks and not just for current consumption.

Parties to Contract Agree To Secure Sufficient Amounts

The enactment of amendments to the foreign exchange law at the end of 1982 and the promulgation of other foreign exchange system regulations have created conditions for more effective intervention in the domestic market to overcome the extremely unsatisfactory situation in provision of supplies for citizens. In addition, a new social contract was adopted for 1983 on provision and utilization of foreign exchange for imports of products of importance in maintaining a good level of supply for the Yugoslav market. The parties to this contract have pledged themselves to provide the domestic market with sufficient amounts of oil, sugar, coffee, lemons, artificial fertilizers, plant protection agents, drugs, and detergents. This contract was signed by the executive councils of the republics and provinces, chambers of commerce, self-managed interest collectives for foreign economic relations, and the Federal Executive Council, while the associated labor organizations producing the products in question made arrangements by means of self-management agreements.

Foreign exchange for imports of all the products mentioned, or of raw materials for their production, has been provided through the National Bank of Yugoslavia, in accordance with the resolution on the common foreign exchange policy for 1983, through allocation of part of the foreign exchange earned for exports of agricultural and food products (15 and 28 percent), from exports by production organizations themselves, and from barter or other arrangements and transactions.

Considerable Amounts of Foreign Exchange Not Used

The amount of 452 million dollars was provided through the National Bank of Yugoslavia to pay for imports of products and raw materials covered by the social contract. These funds were made available for use by associated labor organizations (authorized to effect imports), on the condition that they provide a share of foreign exchange of their own, earned from exports of their own products (drugs, detergents, artificial fertilizers, etc), by way of barter transactions, and from the portion of foreign exchange set aside for specific purposes and earned from exports of agricultural and food products, for payment for imports of raw materials for production of artificial fertilizers, plant protection agents, and finished high-protein feeds.

It should be noted, however, that a large part of the foreign exchange of the National Bank of Yugoslavia deriving from currency exchange operations remained unused in 1983. Specifically, the National Bank made 398.5 million dollars available to associated labor organizations through the commercial banks, but by the end of the year the organizations had used only 294.3 million.

Some 560 Million Dollars Provided for Imports in 1984

The amount of foreign exchange allocated under the social contract for payment for imports of raw materials for production of mineral fertilizers, plant protection agents, and high-protein livestock feeds was rather small in 1983. According to data made available by authorized banks, this amount was only 43 million dollars, while as much as 150 million had been expected. The main reason for this shortfall is to be sought in the shortfall of agricultural and food product exports, and in the fact that part of these exports was effected by way of barter transactions (in which case no earmarked allocation is made). There were also instances in which some commercial banks used these funds for their own purposes and/or failed to set them aside or transfer them to authorized banks.

A social contract has also been signed for 1984 for provision of foreign exchange for payment for imports of priority products and raw materials for their production on the unified Yugoslav market. The parties to this contract are the same bodies and organizations as in previous years. The contract calls for provision of 560 million dollars through the National Bank of Yugoslavia for imports of products essential for supplying the population. A new feature is that the share of the associated labor organizations which import has been increased, but in compensation they have acquired the right, when it is a question of their share, freely to dispose of the entire amount of the foreign exchange which they earn from their own exports. The amount of 110 million dollars is to be provided by earmarked allocation of foreign exchange deriving from exports of agricultural and food products. This is considered to be a realistic figure, provided that the associated labor organizations and the commercial banks exhibit more discipline in allocating funds and in transferring them to authorized organizations.

One of the problems which will be encountered in carrying out the contract is the disparity between receipts of foreign exchange and foreign exchange requirements, because of the very pronounced seasonal consumption of individual products. For these reasons, and to overcome these differences, additional funds have been approved above all for imports of raw materials for production of artificial fertilizers, plant protection agents, and spare parts for farm machinery. It is expected that the 100 million dollars approved will be sufficient to secure adequate amounts of reproduction materials for agricultural needs in 1984, primarily to meet spring planting needs.

6115

CSO: 2800/221

REPUBLIC BREAKDOWN FOR IMPORTS FROM CONVERTIBLE-CURRENCY AREA

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 21 Feb 84 p 3

[Article by M. Urosevic: "Imports for Economic Purposes From Convertible-Currency Area in 1983--Only One Dinar in Six for Investment"]

[Excerpt] Out of 100 dinars only 17.50 were paid out for investments, 6.40 dinars for consumer goods, and 76.10 dinars for reproduction materials.

Table 1. Imports From Convertible-Currency Area (by Purpose) in 1983

1) UKUPAN UVOZ		Od		2) toga za:				
		3) Reprodukciju		4) Investicije		5) Široku potrošnju		
6)	mil. dinara	%	mil. dinara	%	mil. dinara	%	mil. dinara	%
SFRJ 7)	512.002	100,0	389.580	100,0	89.786	100,0	32.635	100,0
8) Bosna i Hercegovina	61.893	12,1	48.161	12,4	10.936	12,1	2.796	8,6
Crna Gora 9)	7.583	1,5	5.109	1,3	2.195	2,4	279	0,9
10) Hrvatska	108.127	21,1	85.106	21,8	16.589	18,6	6.432	19,7
Makedonija 11)	27.139	5,3	21.745	5,6	4.063	4,5	1.330	4,1
- Slovenija 12)	103.916	20,3	80.128	20,6	17.671	19,7	6.116	18,7
- Srbija van teritorija								
pokrajina 13)	117.238	22,9	90.540	23,2	18.258	20,3	8.441	25,9
Kosovo	10.706	2,1	7.280	1,9	2.998	3,3	428	1,3
- Vojvodina	43.882	8,6	36.800	9,2	4.547	5,1	3.536	10,8
FEDERACIJA 14)	31.518	6,1	15.711	4,0	12.529	14,0	3.277	10,0

Key:

- | | |
|-------------------------|------------------------------|
| 1. Total Imports | 8. Bosnia and Herzegovina |
| 2. Portion of total for | 9. Montenegro |
| 3. Reproduction | 10. Croatia |
| 4. Investment | 11. Macedonia |
| 5. Mass consumption | 12. Slovenia |
| 6. Millions of dinars | 13. Serbia outside provinces |
| 7. Yugoslavia | 14. Federation |

It would be more useful to obtain data on other economic characteristics as well, for individual regions and sectors rather than primarily by republics and provinces, but the latter practice predominates at the moment. Hence the table reflects the distribution of imports among the republics and

provinces, along with the breakdown by economic purposes. It is easier to analyze the share of total imports and the share within the three categories indicated when account is also taken of their contribution toward creation of the social product. Such analysis yields the following ranking: Croatia is in first place with 25.7 percent, while Serbia outside the provinces accounted for 24.2 percent, it being followed by Slovenia with 15.3 percent, Bosnia and Herzegovina with 13.4 percent, Vojvodina with 11.4 percent, Macedonia with 5.5 percent, Kosovo with 2.8 percent, and Montenegro with 1.7 percent.

Although the actual picture is distorted to some extent by the share of the federation, which on the basis of the existing methodology "does not participate" in creation of the social product, certain details are very typical. All government bodies shared to a lesser extent in imports from the convertible currency area than they shared in creation of the social product, with the relatively minor exception of Kosovo: 1.3 percent of the social product and 2.1 percent of imports, and the appreciably larger variation of Slovenia with 15.3 percent of the social product and 20.3 percent of imports. The investment situation, much discussed and much maligned, is similar: the share of Montenegro in imports was 0.007 percent greater than in the social product, that of Kosovo 0.005 percent, and that of Slovenia 4.4 percent.

It is useful to examine another breakdown in addition to this set of data.

Table 2. Structure of Imports From Convertible Currency Area in 1983, in Percent, for Individual Economic Purposes in the Republics and Provinces

		1) U procentima			
Društveno politička zajednica	2)	3) UKUPNO	Za repro- dukciju 4)	za inve- sticije 5)	Za široku potrošnju 6)
SFRJ	7)	100,0	76,1	17,5	6,4
Bosna i Hercegovina	8)	100,0	77,8	17,7	4,5
Crna Gora	9)	100,0	67,4	28,9	3,7
Hrvatska	10)	100,0	78,8	15,5	5,8
11) Makedonija		100,0	80,2	15,0	4,8
Slovenija	12)	100,0	77,1	17,0	5,9
Srbija van teritorija pokrajina	13)	100,0	77,3	15,6	7,1
Kosovo		100,0	68,0	28,0	4,0
Vojvodina		100,0	81,5	10,4	8,1
FEDERACIJA	14)	100,0	49,9	39,8	10,3

Key:

- | | |
|------------------------------|------------------------------|
| 1. Percent | 8. Bosnia and Herzegovina |
| 2. Sociopolitical collective | 9. Montenegro |
| 3. Total | 10. Croatia |
| 4. For reproduction | 11. Macedonia |
| 5. For investments | 12. Slovenia |
| 6. For mass consumption | 13. Serbia outside provinces |
| 7. Yugoslavia | 14. Federation |

It is immediately apparent from examination of the figures for the country as a whole that only 17.5 percent of the total imports from the convertible currency area, in other words only 1 dinar out of 6, was applied for investment. This demonstrates that there is no longer justification for continued reproach of equipment imports as the cause of imbalance in foreign trade. A far greater difficulty, and one that can be eliminated only over a long period, is the very great dependence of associated labor organizations engaging in material production on imports of reproduction materials. Reducing this dependence is one of the most urgent tasks, and greater attention should be paid to it when it comes to publicizing the results of exports in this manner.

However, the import structure based on economic purposes differs considerably in the individual republics and provinces from the average for the country as a whole, a not unusual occurrence. These variations can easily be seen in Table 2, so that there is no need to stress them and discuss them at length.

6115

CSO: 2800/221

PRODUCTION, CONSUMPTION OF ENERGY TO 2000

Belgrade EKONOMSKA POLITIKA in Serbo-Croatian 6 Feb 84 p 21-22

[Article: "How Do We Get a Unified System?"]

[Excerpt] The distribution of imported oil among the refineries has only been carried out for the first quarter, and this has been with delays and has been accompanied by protests from some refineries. Not even INA, which has the largest refineries and the most oil of its own, can guarantee profitable operation for its refiners. At the refinery in Novi Sad, they are angry at the "means of distribution" and have offered the facilities for sale, and at the Pancevo refinery, where one whole refinery is in crates, the sales offers have not been aimed at Yugoslavia but at foreign buyers. In a year in which the total refinement of oil will not be enough to utilize 50 percent of refinery capacity, one can expect nothing else but arguments and endless haggling over distribution.

The distribution of oil is only one detail in the overall picture of energy problems with which businessmen and authorized officials in administrative organs are concerned. Estimates which show that the harm from last year's reductions in electrical energy far exceeded the value of electrical energy and of the generating stations which were in short supply at the same time, also illustrate the state of energy resources today and the results of an erroneous long-term energy policy. And after all, doesn't the unclear decision increasing the cost of electricity from December still stand? The published decision of the Federal Executive Council which raises the cost of electrical current by 50 paras per kilowatt/hour has been "interpreted" in one social-political community so that a decision was made to increase the cost by 1.72 paras, and in another by 85 paras, and in a third by 76 paras, and in many others by amounts which still have not been announced.

Does it make any sense at all to compare these events, the most important in the area of energy policy from the past week, with determinations about energy from the Long-Range Program of Economic Stabilization? Yes, it makes quite a bit of sense. And this is for two basic reasons. First, it is apparent that implementing the stabilization program in energy will provoke changes and disruptions, but of a completely different nature from those which we now bear. It is not apparent, however, why along with all

the pleas for loyalty to this program, almost nothing is undertaken towards specifically carrying it out. All the more reason for experts in energy to apprise us of the ever-increasing difficulties and shortages in the coming years.

Silence as a Form of Public Discussion

Two months have passed since the Federal Bureau for Social Planning and the Federal Committee for Energy and Industry made available for public discussion the "Agreement on the Foundations of the Social Plan of Yugoslavia for Energy Development to the Year 2000," and not one forum, not one body, not one organizations has yet said even one word about this document. And we are not only concerned with important changes, but about essential changes in energy policy, and not just in that. As the authors themselves have said, energy must become fuel for development instead of an obstacle for the economy and society as a whole, as it is now.

An essential new item appropriate to the present situation is a regulation in Article 9 of the draft of the "Agreement" which establishes the necessity for creating a unified Yugoslav energy system. Although it is based on and develops the Strategy of Long-Range Energy Development as an integral part of the Long-Range Program for Economic Stabilization, it is not just a rehash of a position. The necessity for creating a unified energy system for Yugoslavia, in which subsystems for electrical energy, coal, oil, and gas will not be opposed to each other by energy sector or region, is the product of major study and discussion about the state of energy policy and its development during the last 15-20 years.

Space does not permit spending more time with these analyses, but some basic conclusions are worth noting. Energy development is, above all, uncoordinated in a temporal sense; plans have been made for 5-year periods in which no major project has a possibility of being completed. In fact, the Yugoslav plan was a collection of the plans of republics and provinces which, again, have not been coordinated with the real possibilities of construction, nor with the needs in energy, and which were frequently a collection of ambitions and desires.

Production and Consumption of Primary Energy

Products		1985	1990	1995	2000	Rate of Growth
Coal	production, millions of tons	71	90.0	110.0	160.0	4.9
	consumption, millions of tons	74.7	94.6	115.5	166.9	4.4
Oil	production, millions of tons	5.0	5.5	6.8	8.0	3.2
	consumption, millions of tons	15.0	17.5	20.8	24.0	3.1
Natural gas	production, billions cubic meters	4.0	5.0	7.0	10.0	6.3

[Table continued from previous page]

Natural gas	consumption, billions cubic meters	7.0	8.0	10.0	13.0	4.2
Hydro- electric energy	production, billions kilowatt/hours	29.0	35.0	43.0	55.0	3.4
	consumption, billions kilowatt/hours	29.0	35.0	43.0	55.0	3.4
Uranium	production, tons	120.0	120.0	120.0	480.0	9.7
	consumption, tons	120.0	120.0	120.0	480.0	9.7
Percentage of imported energy		32.49	32.11	30.39	26.27	

Growth Rates

Description	1966-70		1971-75		1976-80	
	Plan	Achieved	Plan	Achieved	Plan	Achieved
Social product	8.0	5.8	7.3	5.9	6.9	5.6
Industry-- physical volume	9.5	5.9	8.0	8.0	8.0	6.8
Electrical energy	14.5	11.1	10.0	8.7	10.0	8.0
Coal	5.0	-1.8	5.0	3.8	9.5	4.3
Oil production	15.5	11.5	10.0	7.7	5.0	2.8

9548

CSO: 2800/229

BRIEFS

FARM TRACTOR PRODUCTION--This year about 51,000 tractors will be domestically produced and delivered to farmers; this number also includes about 1,000 tractors which were produced last year but could not be completed because of a lack of tires and parts. Farmers will also get an additional 4,700 tractors from imports, while another 6,000 are expected to be privately imported largely by our citizens working temporarily abroad. The tractor industry will also export 10,000 tractors, many to Egypt and Pakistan. It is estimated that the number of tractors available to farmers in both private and socialized sectors totals about 550,000. [Excerpt] [Belgrade BORBA 2 Mar 84 p 4]

EMPLOYMENT DATA--The latest facts indicate that a total of 6,354,000 people are presently employed in Yugoslavia, 124,000 of whom are in the private ownership sector. Women account for 36.5 percent of the working force in the socialized sector (this figure is from 1982), while young people below 27 years of age account for 22.6 percent of those employed in the economy. But there are 862,477 people unemployed (85 percent of whom are actively looking for work), 49.2 percent of whom are skilled and 56.2 percent are women. There are about 786,000 working abroad and about 40,000 are returning each year from work abroad, of whom 11,000 seek work through the SIZ (self-management interest community) for employment. Also, there are 400,000 persons working at jobs for which they are not suitably trained. [Except] [Belgrade BORBA in Serbo-Croatian 13 Mar 84 p 1]

AGREEMENT WITH GREEK BANK--Yugoslavia and Greece will expand cooperation in agriculture and agro-industry, as well as between agricultural banks, according to a decision contained in the Long-term Agreement on Cooperation between "Agrobanka" of Belgrade and the Agricultural Bank of Greece which was signed on 19 March in Athens. The "Agrobanka" delegation, led by President Petar Zecevic, began discussions today in Athens on arrangements in the field of agriculture, especially a business link between production organizations and other agricultural organizations in the two countries. The long-term agreement which goes into effect upon its signing, calls for a comprehensive commitment by "Agrobanka" and the Greek Agricultural Bank to develop cooperation between cooperative organizations of Greece and Yugoslavia in order to make fuller use of national sources of agricultural raw materials and modern technology. The agricultural banks will be especially engaged in expanding Yugoslav-Greek commodity trade which is lagging. According to the agreement, cooperation will be developed in agriculture, the processing and marketing of livestock and crop produce, agricultural mechanization, joint development of the agro-industrial

complex in the developing countries, in science, technology, and, especially, bank deals. The two banks will be concerned particularly with financing co-operatives and other organizations in order to stimulate economic cooperation, expand business ties, and give mutual technical support in international banking deals. [Excerpt] [Belgrade PRIVREDNI PREGLED in Serbo-Croatian 21 Mar 84 p 12]

CSO: 2800/259

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